Pressure mounts on the Sandinistas, Page 4

D 8523 B

Howe and Wall St Shultz to slides; discuss

World news

sanctions British Foreign Secretary Sir Geof-frey Howe is to visit Washington to-morrow and Friday for talks with US Secretary of State George Shultz aimed at co-ordinating the Wastern response towards South

Western response towards South Sir Shridath Ramphal, the Commonwealth Secretary-General, said IONDON equities continued lower in London that sanctions were "the but gifts rallied. The FT Ordinary only method of persuasion to which index e Pretoria bas ever shown even a Page 44

glimmer of response."
But Sir Shridath made it clear. that he wanted the Commonwealth Games in Edinburgh to go ahead. He has sent a personal appeal to all the countries involved asking them

not to boycott the games. Page 20 **Butter deal delay**

Ireland held up agreement in Brussels on EPC quotas for New Zealand butter, a crucial element in a French deal for the release of two agents failed over the Rainbow Warrior sinking.

Trade war warning

Tension between the EEC and the US over technology transfers might escalate into a new transatlantic trade war, EEC External Affairs Commissioner Willy de Clercq warned in Brussels.

Afghan fighting

Soviet-backed troops appeared to be gaining the upper hand against Afghan rebels who seized the centre of Herat, Western diplomats

Anger in Madrid

Accusations of police inefficiency and calls for the resignation of Spain's Interior Minister dominated the headlines in Madrid as the city mourned the killing of nine civil guards by a car bomb. Page 2

Mexico poli claim

Mexico's ruling party has held the PHHIPPINES starts talks with the governorship of Chibushua state, THE on the torms of an 18-month according to official figures announced eight days after tense elections that the opposition claims

Tragedy 'inevitable'

A dam which burst at Stava in north-eastern Italy last year, killing nearly 270 people, was so badly built and maintained that its collanse was inevitable, an official report into the tragedy says.

Partner resigns ...

A partner at Wachtell Lipton, one of Wall Street's corporate law firms, has resigned in the wake of the insider trading scandal involving Mr. Dennis Levine: Page 28

Ex-FBI man lailed

Former FBI agent Richard Miller was sentenced to life imprisonment in Los Angeles for passing a secret US document to the Soviet Union.

Crash toll mounts

Seventeen Zimbabwean soldiers died when their plane crashed in Mozambique last Thursday, Mozambique newspapers reported. At the time, the death toll was given as

Jurors go absent

Only 10 of 200 potential jurors showed up for jury selection in Port-au-Prince at the beginning of a series of trials of five former backers of ousted president Jean-Claude

Titanic revealed

Explorers landed a submersible vessel on the deck of the Titanic and a camera will today track along the grand staircase, providing the first glimpse of the ship's interior since it sank 74 years ago.

Fearless Europeans

Only one European in 100 lets terrorism interfere with holiday choices, according to an EEC survey. Page 2

Companies 21-23

America 4

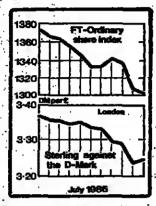
Overseas 3

sterling recovers

Business summary

TOKYO-prices climbed to a record close and the Nikkei average finished 62.24 higher at 17,882.80.

index ended 7.3 lower at 1,302.5



STERLING rose in London to \$1.4955 (\$1.4915); DM 3.2400 (DM 3.2275); FFr 10.4575 (FFr 10.3650); Y238.5 (Y237.5), but fell to SFr 2.6300 (SFr 2.6350). The pound's ex-change rate index rose 9.3 to 73.7.

DOLLAR fell in London to DM 2.1660 (DM 2.1795); FFr 6.9925 (FFr 7.0100); SFr 1.7595 (SFr 1.7790), and Y159.45 (Y160.25). On Bank of Eng-land figures the dollar's index fell to 113.3 from 113.9. Page 37

GOLD rose \$1.25 to \$346.75 on the London bullion market. It also rose in Zurich to \$346.20 from \$345.70. In New York the Comex August

settlement was \$349.1. UK industrial production fell 1.5 per cent, in May Manufacturing showed little sign of recovery from the past 12 months decline. Page 7

IMF on the terms of an 18-month standby credit worth up to SDR 61m (5724m). The outcome will have a bearing on the Government's aus-

stabell, a supplier of electronic and mechanical components which has recently been recovering from losses on two large Australian con-

tracts. Page 21 CITICORP, biggest US banking group, reported a 6 per cent drop in second quarter net income to \$235m partly as a result of steps it is taking to strengthen its loan loss re-serves and capital position. Page 21

GTE, US telecommunications and electrical equipment group, an-nounced a rise of 8 per cent in second quarter net income to \$309m from \$285m during the same period

a year earlier. Page 21 KAISER Aluminum & Chemical, third biggest US aluminium producer, bas reported a surprise \$29.6m or 60 cents a share loss in the 1986 second quarter, a sharp reverse from profits of 14 cents a share in the first three months of the year.

Page 21 ELF AQUITAINE Norge, Norwe gian offshoot of the French petro-leum and industrial group, and Sa-ga Petroleum, the debt-burdened Norwegian independent oil compa-Norwegian independent oil company, have apparently broken off talks about a merger. Page 22

PUMA, West Germany's second largest producer of sports shoes and a growing competitor in the international sports and leisure clothing markets, is seeking to raise DM 86.8m (\$39.8m) through its forth-coming flotation on the Frankfurt

stock market. Page 23 **FFALCABLE**, state-controlled company which handles Italy's inter-continental telecommunications traffic, announced the acquisition of a 20 per cent shareholding in Voice Mail International, a Californiabased company which manufactures and markets recorded voice

communication services and systems. Page 21 CONTENTS -

Letters..... 25 Companies 23 Lex

Nicaragua: pressure mounts UK industry: confounding on Sandinistas 4 sceptics 18 Technology: new horizons Economic viewpoint: pay

Management: Boeing helps Istanbul: Editorial comment: dollar; Netherlands banking:

Hong Kong: brickbat for pla- Lex: Bestobell and Meggitt: stics industry 6 Guinness 20 Survey 9–12

CURBS ON FOREIGN SHAREHOLDERS STRENGTHENED

Chirac plans new privatisation law to outflank President

BY DAVID HOUSEGO IN PARIS

MR JACQUES CHIRAC, the French Prime Minister, plans to outflank President François Mitter-rand's objections to his Government's privatisation programme by rushing fresh legislation through parliament by the middle of August. The Government hopes by this means to minimise delays to its privatisation timetable.

Limits on foreign holdings in the 55 groups to be privatised have een strengthened

The Government accepted an imendment by the Conseil d'Etat, the legal body that screens legisla-tion before final Cabinet approval, that the 15 per cent limit on foreign holdings should last indefinitely rather than for five years.

The Conseil d'Etat's ruling will al-

o enable the Finance Minister to reduce the 15 per cent ceiling if he feels thet national interests are at risk. The "golden share" mechanism has been strengthened to prevent unwelcome holdings being built up by foreign interests. Mr Mitterrand on Monday cited insufficient guarantees against for-eign ownership as his reason for refusing to sign the Government's privatisation decree.

amended and to be transformed in- tion and is instead giving partisar to law could conflict with EEC legis-lation on the freedom of capital

The Prime Minister's office said

sign the decree, Mr Chirac has now power in March

be would use the occasion to ex- to sign a decree. plain why fresh legislation was nec-essary, thet President Mitterand's fears were unfounded and that the priority now to be given to the privatisation bill would push back other

Above all, Mr Chirac is expected to blame President Mitterrand for holidays making an election diffi-the dispute and to accuse him of cult. But the clash over privatisadisrupting the government's pro- tion forebodes similar conflicts gramme. In this sense Mr Mitter- when the budget comes before the rand's announcement on Monday that as "a matter of conscience" be would not sign the privatisation decree, marks a turning point in the

It now seems increasingly likely, much of his role as a national arbi-bowever, that the decree as ter as provided for in the constitu-

movement in Europe. that the Government hopes to g
Having initially declined to comment on Mr Mitterrand's refusal to
adopt the text of the decree that the Government hopes to get the new bill - which will essentially through the National Assembly be adopted a more aggressive tone. To-night, he will make his first major of the Parliament is dua to end in televised statement since coming to mid August. The President can only ower in March. delay by 15 days laws approved by His advisers said yesterday that Parliament, whereas he can refuse

In thus choosing to send the privatisation measure back to the Parliament, Mr Chirac has thus implicitly backed away from a confronta-tion with the President at a time when the opinion polls are not in his favour and with the summer National Assembly in the autumn.

Chirac intends to submit the priv atisation decree to Mr Mitterrand at this morning's Cabinet meeting history of "cohabitation."

Ministers believe that by this decision Mr Mitterrand has forfeited

Government sources still expected yesterday that the President would refuse to sign it despite the changes

Guinness to take vote on new plans for board

GUINNESS, the UK brewing and retail group, last night bowed to pressure from the Bank of England and its own financial advisers and agreed to modify controversial board changes proposed this week following its successful £2.5bn (\$3.7bn) takeover of Distillers, the international drinks company.

a bearing on the Government's austenity measures. Page 3

MEGGIT Holdings, UK specialist engineering group, launched an 1289m (\$134m) takeover bid for Bekenzie, Guinness said it was calling kenzie, Guinness said it was calling executive and Lord Iveagh, the a special meeting of shareholders to chairman, would become president. endorse the board changes. In its offer document for Distillers dated March 3, Guinness said

senior executives of the two companies and chaired by Sir Thomas Risk, Governor of the Bank of Scotland. The management structure was also contained in a circular to shareholders. But on Monday, after disclosures

Mr Michael Newman was forced to resign as chief executive of Britannia Arrow Holdings, the UK's largest quoted fund management company, by the two newspaper chiefs whom he wel-comed as shareholders six months ago. Page 20

Guinness's deputy chairman and chief executive, would assume the post of group chairman and chief The Bank of England, making a

rare public intervention, said yes-terday that it was very concerned that a board would be formed from by the changes which ignored material statements made during the takeover battle. It also criticised the way in which Scottish interests, represented by Sir Thomas on the board, appeared to have been dilut-The Bank said that Mr Robin

to newspapers, Guinness an Leigh Pemberton, the Governor, nounced that it was withdrawing its had told Mr Saunders in a meeting invitation to Sir Thomas. Under a on Monday that it would not seek to

Morgan Grenfell, and its brokers. Cazenove and Wood Mackenzie. After the pressure from the bank, which coincided with a request from the London Stock Exchange's quotations department to Guinness to clarify the changes, Mr Saunders

spoke to Morgan Grentell and agreed to modify his position. Caze-nove is also believed to have pressed for a shareholders' meet Under the new agreement welcomed by the Bank last night, Guinness is to seek shareholders' approval for the appointment of Mr Saunders as group chairman and the Lord Iveagh as president. It is

also proposing to appoint an un-specified number of unnamed nonexecutive directors on the new Lord Rockley, a director of Klein-

wort Benson, merchant bank advis-ers to Distillers during the takeover battle, said last night: "Everything hinges on the ultimate composition

Continued on Page 20

Moscow ready to shake off **Imperial** bonds

By Peter Montagnon in London

BRITAIN and the Soviet Union agreed yesterday on a scheme that will finally settle mutual claims on each other going back to the Bolshevik revolution in 1917.

The move was seen in financial markets as a possible clearing of the decks ahead of a Soviet decision to tap the Eurobond market for the first time, although bond market bankers warned against speculation that any such issue would be

forthcoming.
Mr Timothy Eggar, a junior Foreign Office Minister, said the agreement covered a bizarre list of
claims on the British side, including compensation for British citizens over the loss of a parrot, a shaving stick, a sawmill, a horse, two cows

and some poultry.

Documented claims by private British citizens on the Soviet Union amount to some £400m (\$600m). Yesterday interest focused on about £50m in Imperial Russian bonds which have been in default since 1917 and are now mostly regarded

About £45m will be available to meet the claims under the settlement signed yesterday by Sir Geoffrey Howe, Foreign Secretary, and Mr Eduard Shevardnadze, his Soviet counterpart. This means that claimants can expect to recover some 10 per cent of their assets, though this could vary as final figures are draw up.

Some claiments, Mr Eggar said, include well-known British compa-nies which can expect a windfall from the settlement, though he declined to list them.

The funds which will be used to

meet the settlement come from an Imperial Russian account at Baring Brothers, the merchant bank which handled the pre-revolutionary gov-ernment's business. The Soviet side is to collect £2.65m from a separate Baring account used to handle dip-lomatic expenses.

Yesterday the Stock Exchange suspended dealing in 16 Imperial Russian bonds which are affected by the settlement. Most of them are rarely traded. One, the 4 per cent Reptes of 1894 has not changed by the settlement. hands since February 1969, although business was done in one issue - 4 per cent Consolidated Railroad Series 1 of 1889 - which sold at 3% per cent of its face value last

British bondholders must present their bonds to the Government by the end of this year to qualify for Continued on Page 20 UK and Soviet Union ratify trade pact, Page 4

First Interstate rescues major Oklahoma bank

BY WILLIAM HALL IN NEW YORK

Company of Oklahoma City, which recession in the US oil patch is has been hit by the collapse in the known to have been in trouble for oil and gas industry, has been some time, and has been borrowing closed by US bank regulators, heavily from the Federal Reserve

take advantage of a federal law permitting out-of-state buyers to buy lems for the bank. The bank was dec

the failure comes almost four obligations to its creditors.

First National Bank of Oklahoma years to the day after US bank reg-ulators closed Penn Square Bank of Oklahoma City, giving the first indi-cation of the scale of the problems facing US, energy banks. Although First National Bank of Oklahoma City is three times as large as Penn run into problems in energy lend-Square, its closure had little impact ing, but until now they have not on the US financial markets yester-

lay. Seafirst Corporation was rescued There was no apparent "flight to by Bank of America after heavy quality," as bappened after the col-lapse of Penn Square, and Mr Dav-id Jones, a money market economist with Aubrey G. Lanston, said yesterday that the markets bad "become hardened to the harsh realities of the disinflationary environment." He said that "the area is iso-

lated and the problem isolated."

FIRST National Bank and Trust The latest casualty of the severe

marking the second higgest bank
failure in US history.

Oklahoma's second biggest bank
troller of the Currency who is rewas closed late on Monday after the currency who is responsible for regulating nationally
bank was declared insolvent. It reopened yesterday morning as a
newly chartered subsidiary of the
Los Angeles-based First Interstate
Bancorporation. The rescue of the
bank and its parent, market \$1.6bn bank was rushed through to confidence in the bank has eroded, resulting in severe liquidity prob-

The bank was declared insolvent after it became unable to meet its

City is Oklahoma's most prestigious financial institution, and is the biggest US bank to fall since the \$3.6bn collapse of Franklin National Bank in 1974. Several other banks bave ing, but until now they have not been allowed to fall.

losses in energy lending, and Continental Illinois, which like Seafirst had close ties with Penn Square, was effectively nationalised by the At the time of the closure of Penn

Continued on Page 20 US bank results, Page 21

Paris woos industry to Normed zones

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government is of- tion of the zones as part of a costly redundancy plan for the 6.800 shipadvantageous tax conditions in Europe to attract companies to invest
in areas hit by the collapse of the
med, which recently filed for bank-

dustry Minister, yesterday an each worker with a capital grant of nounced that the Government a minimum FFr 200,000 (\$28,700) towould waive corporate tax over 10 gether with individual retraining years for companies setting up in programmes and belp, if wanted, in ndustrial zones to be created at setting up businesses. Dunkirk in the north and La Seyne Mr Madelin declined to put a figand La Ciotat on the Mediterranean ure on the cost of the programme - the sites of the three Normed though other ministers have spo-

shipyards. tablished by decree in the coming weeks, are seen by the minister as The industrial trade zones proa prelude to the establishment of posed for Dunkirk, La Seyne, near other zones comparable to those Toulon, and La Ciotat, near Marcreated at Shannon in Ireland and seilles, would also offer speeded-up in Britain and Belgium.

Normed shipbuilding group.

Mr Alain Madelin, the French InThe Government is to provide

The new zones, which will be es- The details bave still to be negotiat-

Continued on Page 20

new plan, Mr Ernest Saunders, prevent the resignation of Guin-Nixdorf beats IBM to \$100m order from US retail chain

BY PETER BRUCE IN BONN

NIXDORF, the West German computer group, has won an order worth more than \$100m from a big American retail chain, believed by US analysts to be Montgomery Ward, in a vital breakthrough in its efforts to become a force in the US computer market.

Mr Klaus Luft, Nixdorf's chairman, would not name the US customer during an interview yester-day, but he confirmed that an order "worth more than \$100m" had been won against competition from IBM. The order is believed to centre on point-of-sales terminals. The customer, Mr Luft said, had nearly 400 outlets in the US.

Nixdorf's business in the US has until now consisted mainly of stand-alone data input terminals, and, industry analysis say, has not probably this year as well, is above been profitable. The company has the industry average in the ITC complete systems to customers in Bohn, who is also in charge of the (\$1.24bn), by the end of next year.

its specialised markets - banking group's marketing operations, said and retailing - rather than simple the deal was also significant bepieces of hardware.

The approach appears to have fi-nally paid off, and Mr Luft said the value of the new US contract, de-tails of which would be announced later in the summer, divided roughly into equal hardware and service

The sale, the company's biggest outside Europe, is likely to have a major impact on Nixdor's profile in the US computer market. The company has been in tha US for about 16 years but has, some reports say, just 1 per cent of the market. The Paderborn-based group is, nevertheless, the biggest non-American computer producer operating in the US and reckons that its 10 per cent

cause it marked the and of Nix-dorf's first "head on" competition with IBM in the US retailing sector.

Montgomery Ward, which yesterday refused to confirm or dany placing the order, is the sixth biggest American retail chain, with annual sales of around \$1.3bn. Owned by the Mobil oil group, it has been los-ing money. Mobil recently installed new management at Montgomery Ward in the hope that it can be restored to financial health and, probably, sold.

Nixtorf is arguably the fastest growing computer producer in Western Europe, and it has, since 1982, begun to make major inroads into private telephone switching equipment markets as well. The company has vowed to double its 1983 sales revenue, DM 2.7bn

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marks thaw in **UK-Soviet links**

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT,

BRITAIN and the Soviet Union yes- for the East-West European securterday consecrated a marked im- ity review conference due to take provement in Anglo-Soviet rela- place in Vienna later in the autumn. tions with the signature of three The Soviet Foreign Minister re-agreemeets on economic and induspeated Moscow's suggestion that trial co-operation, the settlement of the Vlenna-based mutual and halmutual claims deting back to the anced force reductions negotiations 1917 Bolshevik Revolution and the and the Stockholm disarmament

1917 Bolshevik Revolution and the prevention of incidents et sea.

The agreements were signed after two days of talks in London between Sir Geoffrey Howe, the Foreign Secretary, and Mr Eduard Shevardnadze, his Soviet opposite number, who was paying the first visit of a Soviet Foreign Minister to Britain for 10 years.

The talks, which ranged over the Word with particular emphasis on got the bring existing netions, with particular emphasis on got the stockholm disarmament conference chould be broadened into to a new forum et which the Warter two days of talks in London between Sir Geoffrey said in a luncheon speech that, before emparking or "the more ambitious terain" mapped out by Mr Mikhait corbacter, the whole spectrum of East-West relations, with particular emphasis on got all the Stockholm disarmament conference chould be broadened into to a new forum et which the Warter two days of talks in London between Sir Geoffrey said in a luncheon speech that, before emphasing the first visit and the Urals would be discussed.

However Sir Geoffrey said in a luncheon speech that, before emphasing the first visit and the Urals would be discussed.

However Sir Geoffrey said in a luncheon speech that, before emphasing the first visit and the Urals would be discussed.

tions, with particular emphasis on gotiations to a successful conclusions control and preparetions for sion.

The closing stage of the Stockwere said by officials to have been holm conference would therefore be "very relaxed, constructive and de- an important test, as would the tailed."

Geneva negotietions on banning The officials detected a new flexibility on the part of the Soviet
Union towards the ongoing conventional disarmament negotiations in
Vienna and Stockholm.

There are now good topes that an
agreement on confidence-building the presence of Soviet troops in Afmeasures can be reached in Stockholm by the middle of Sentember.

holm by the middle of September, ception of the importance of human which would improve the prospects rights."

BY LESLIE COLITT IN BERLIN

mic in Eastern Europe, such an admission is rare. It came after statis-

per cent in the first six months while labour productivity increased

by only 3 per cent.

Hungary says fifth of

workforce is redundant

ABOUT ONE in five employed Hun- money in circulation and the supply garians - 1m people - is actually of goods and services.

"redundant," according to the main The alternative was that already

Government newspaper Magyar Hirlem.

Magyar Hirlem.

Although over-manning is endemic in Eastern Europe such an administration (officially 5.5 per cent but unofficially more than twice as high) would accelerate and further undermine confidence in Hungary's

mission is rare. It came after statis-tics were released in Budapest showing that wages rose nearly 9 showing that wages rose nearly 9 showing that wages rose nearly 9 few other countries where the popu-

The newspaper said the situation and third jobs where they work har-

wider-ranging economic reforms.

lation worked such long hours as in Hungary. The reason is that many Hungarians are employed in second

London meeting UK offers compromise on chemical arms pact

BY WILLIAM DULLFORCE IN GENEVA

BRITAIN TRIED yesterday to 1987, he said.

So far, Moscow has refused which the challenged state could offer to supply information to allow putting forward a compromise mandatory obligation to allow the challengers within 10 days. This would inspect to the challengers within 10 days. The would be compromised to the challengers within 10 days. putting forward a compromise on the crucial issue of challenge inspection. It offered an ingenious, balanced way of meeting Soviet security concerns while keeping the very strict verification mechanism demanded by the US, Mr Tim Renton, Minister of State at the Foreign Office, told journelists after addressing the UN conference on disarmament.

If the Soviet Union responded favonrably and showed the political will, it should be possible to have a convention ready for Suhmission to the UN general assembly in antumn to the sent to check the inspection to allow inspection. A country's sovereign right to refuse direct inspection on which the Soviet side has been insisting. On the other hand, if a permit international inspectors to be sent to check "anywhere anytime" within 48 hours of inspection on which the Soviet side has been insisting. On the other hand, if a country challenging another with cheating on the terms of the chemical weapons convention. The british compromise extends the time limit for the signetory arrival of the inspection team to 72 hours but more impor-

Challenge inspection is ad-candid about its own stockpiles.

ditional to the routine proce. These moves are intended to ditional to the routine proce. These moves are intended to dures for verifying compliance, accelerate the negotiations and which, it is agreed, must be to dist public assertions by Mr included in the convention. It which is seen by the IIS and its National Gorbachev and other is seen by the IIS and its National Gorbachev. is seen by the US and its Nato Soviet officials that the Soviet allies as a mechanism for investigating any ambiguities and above all, as a deterrent to cheating.

The British compromise proposal "puts the ball very much into the Soviet court." Mr Renton said vesterday. It came four, days after the US had disclosed to the disarmament conference the locations of all its chemical weapon storage sites in the US and called on the sites in the US and called on the Soviet Union to start being

Union is ready to negotiatate a ben on chemical weapons.

Mr Donald Lowitz, the chief US negotiator, hoped yesterday that the British proposal would induce the Soviet Union to "come forward and say where it stands on challenge inspection."

But he added, the US con tinued to believe the right to inspection at short notice was

Gorbachev calls for US reply to N-weapons proposal

now in its third week, yesterday continued to depress share prices on the Milan bourse. The

day of price declines. The index closed at 658.60.

Share prices decline by

1.6% on Milan bourse

main share index fell 1.6 per at about \$100hn. cent on the third consecutive

ITALY'S Government crisis, Chirstian Democrats, about \$8bn

THE SOVIET UNION made clear yesterday that it was waiting for the US to respond to its proposals on limiting nuclear arms before deciding whether to extend its moratorium on nuclear tests.

Mr Mikhall Gorbachev told representativee of a scientists group demending a halt to nuclear testing that he would consider their request to extend the moratorium—alreedy prolonged three times—beyond its expiry dete of August 6. But this depended to a large extent on US actions over disarmament.

Foreign Ministry spokesman, said yesterday that Moscow welcomed such a meeting. But he made clear that the Kremlin wes fer more interested in Mr Reagan'e response to Mr Gorbachev'e proposals last medium-range nuclear weapons. "We are waiting for that letter," he said.

Dr Thomae Cochran, head of a private group of US scientists which installed seismic monitoring equipment near a Saviet nuclear testing site last week, told Mr Gorbachev that their programme demollshed White

which installed seismic monitoring equipment near 2 Soviet nuclear testing site last week, told Mr Gorhachev that their programme demolished White the other is reducing medium-thouse arguments that a full range nuclear missles—that ban on nuclear tests could not be verified.

(£5.3bo) has been knocked off the market capitalisation of the Milan bourse, which now stands

FORMER US President
Richard Nixon spent two
and a half hours discussing
Soviet-American relations
with President Andrei
Committee in the Western Soviet-American relations with President Andrei Gromyko in the Kremlin yesterday, AP reports. Earlier in the day, he spent about 15 minutes with Mr Georgy Arbatov, a top Kremlin adviser on the United States and head of the prestigious Institute on the United States

Former Prime Minister Glovanni Spadolini pictured yester-day after meting Mr Guillo Andreotti for talks on the latter's attempts to form a new Italian governmen.

Malta plans \$444m

MALTA will invest LM 172m ket forces for bringing the island:

investment drive

BY GODFREY GRIMA IN VALLETTA

(\$444m) in the next three years to

spur its economy out of its pro-

A three-year economic develop-ment plan published today by the Government of Premier Carmelo

Mifsud Bonnici promises to deal ef-

ficiently with problems that include a creaking infrastructure, while of-fering seriously to support private

investment in tourism and manu-

facturing industry, the island's main income earning activities.

The plan clearly shows Mr Mif-

sud Bonnici to have turned his back

on the fustian political, economic and social targets laid down by his predecessor. Mr Dom Mintoff,

throughout the past 14 years of So-

Investors will be offered e new incentive package, start-up and ex-pansion assistance, export credit and credit insurance schemes and

abroad to facilitate contacts. A Ne-

tional Progress Council in which

unions will partner the Government

cialist rule.

September—would not come until Mr Reegan responded to Moscow's arms control

Reginald Dale, US Editor, adds from Washington: The US le expected to seek to broader the egenda for the proposed meeting in Geneva by raising alleged Soviet violations of the on US actions over disarrament.

His warning came as officials in Moscow and Washington confirmed the two countries' arms-control experts will meet in Geneva soon to discuss the Salt-2 treaty. President Ronald Reagan has threatened to abandon the treaty if the Soviet Union does not stop what he alleges are violations of the 1979 accord.

Mr Gennady Gerasimov, the office are string site last week, to did Mr Gorhachev that their programme demollshed White the other is reducing medium that range nuclear missiles—that the salt 2 treaty, such as the development of a second new strategic missile test data. Washington is also understood to have told Mr Gorbachev, in a general that progress has been made in plied mockingly that the Soviet diplomatic negotiations to replied mockingly that the Soviet schedule a meeting between Mr argument against a test han. George Shultz, the US Secretary decision to be bound no longer by the treaty's limits.

Wr Gennady Gerasimov, the of two arms control accords— Minister, to prepare, the cold Mr Gorbachev that their programme demolished White the other is reducing medium that their ange nuclear missiles—that that progress has been made in diplomatic negotiations to replied mockingly that the Soviet for Soviet wiolations of the salt 2 treaty. Such as the development of a second new superpower summit.

Mr Gerasimov said yesterday that progress has been made in diplomatic negotiations to replied mockingly that the Soviet Washington is also understood to have told Mr Gerasimov said yesterday that progress has been made in diplomatic negotiations to replied mockingly that the Soviet Soviet wiolations of the salt 2 treaty. Such as the development of a second new strategic missile and concealing missile test data. Washington is also understood to have told Mr Gorbachev, in a general diplomatic negotiations to replied mockingly that the Soviet Foreign of the meeting that the meeting to become a propa-special to the meeting to the meeting to be were strategic missile and concealing that the pr

plans to spend LM 60m between now and 1988 on creating new jobs

Major roadway improvement programmes are being launched, 40

new yacht marines are to be con-structed to enhance Malta's attrac-

Malta also lags behind in attract-ing hi-tech industries. To make up

for lost time Mr Bonnicl's adminis

power training programmes in technological skills. 'Malta's foremost problem re

mains its acute water and electricity shortages, which is frustrating both for those involved in tourism

and for the majority of the Maltese. With housewives demonstrating in protest in the streets of Valletta,

threaten to have e telling effect on next year's general election results.

By featuring water and electricity distribution improvements in the

plan's action programme, the Gov-

hinded policies et home are as ernment hopes to placete both in-blamed as fierce world mar-vestors as well as voters.

tion as e tourist resort.

summit. He gave no details but stration hardliners, particularly indicated thet any agreement in the Pentagon, who wanted on such a meeting—which to reject the Soviet proposal for coald be held when Mr She a special meeting later this wardnadze attends the United month of the Joint Standing Nations General Assembly in Consultative Commission, which September—would not come considers arms control com-

Other US officials, however, argued that acceptance would send a positive signal to Mescow about Mr Reagan's determination to make progress on arms control and his desire for a second summit with Mr Gorbachev in the months ahead.

Although the meeting is not expected in Washington to make much progress on the Salt issue, US officials said that rejection of the Soviet request would have of the Soviet request would have given Moscow a propaganda advantage. The meeting could also prove a useful forum for clarifying Mr Reagan's position and for listening to Soviet responses to US charges that it had violated the treaty, they

Dollar's fall 'threat to German exporters'

Banks warned yesterday.

In its latest monthly report the federation, which represents some catering primarily for small and medium industry, notes that the breach of the psychologically im-portant DM 2.20 barrier opens the way to a further decline, which would be "thoroughly undesirable" for the West German economy.

However, the federation stop: short of adding its voice to calls from the US and elsewhere for the ton authorities in cutting key inter est rates.

While it disputes the need for any increase in West German rates, ar-

It expects e slight pick-up in in-flation from its existing sub-zero level to reduce the current excep-

Forecasts for 1966 suggest the trade surplus could climb to as high as DM 115bn (\$52.6bn). But in vo ume term exports are already fall-ing, as the steady revaluation of the D-Mark ests into the foreign com-petitiveness of German industry.

THE LATEST fall of the dollar to below DM 220 poses a serious threat to West German exporters, both in the US and in Third World markets where German and US-manufacturers compete, the Feder-ation of West German Co-operative

guing that the present money sup-ply overshoot offers no real threat to the Government's stability pro-gramme, the federation insists that fighting inflation must remain e top

tionally high level of real interest rates here in the months ahead.

Madrid stops work to mourn victims of Basque terrorism

WITH the nation still reeling from the impact of Monday's car bomb blast in Madrid which killed nine members of the Civil Guard police Guard headquarters where the cercurps, the Spanish parliament met of officials, who were leaving the last month's elections to choose last month's elections to choose between the constructions of officials, who were leaving the last month's elections to choose between the constructions and safe houses and are in close touch with ETA's high company was held and peltad the cars of officials, who were leaving the last month's elections to choose between the constructions of the construction of the constructio

factions of the opposition group.

Voting to elect parliamentary officers was interrupted by one

minute's silence in honour of the test against terrorism.

a standstill and office workers has claimed e total of 19 victims in poured out onto the pavements to the city. It has machine gunned two stand motionless at the stroke of military staff cars, detonated two stand motionless at the stroke of military staff cars, detonated two senators, who were elected on Mr noon in response to a call by the car hombs and narrowly falled to Fraga Iribarne's Coalicion Popular city's mayor for a civic show of pro-

The meeting of the legislature rials that Mr Jose Barrionnevo, the mentary sessions commence next from the Conservative and Liberal fence Minister, who said yesterday factions of the opposition group. that its anti-terrorism policy was

the appropriate one.
Since the beginning of this year victims of the car bomb. Outside in the Spain Commando, which apparthe streets of Madrid traffic came to ently lives permanently in Madrid,

against terrorism when parlia-

split in the ranks of the Conserva- down for failing to trap the sotive opposition. The Christian called Spain Commando of the ETA Premier whose Socialist Party won Democrat junior partners in Mr Basque separatist organisation that e renewed outright majority in the Popular announced that they would nage were countered by his cabinet sit separately in both chambers colleague Mr Narcis Serra, the Defrom the Conservative and Liberal fence Minister who said materials.

Mr Gonzalez will be benefiting from a more divided opposition as e result of the dissident position adopted by the Christian Democrat Partido Democrata Popular (PDP), The PDP'e 21 congressmen and 11 The scene was different at the Police have so far been unable to vative, wish to form a separate par-

Commission sleuths hot on EEC travel trail

Luxembourgers who go on holiday travel ahroad. But then, it is difficult to imagine where else they would go.
Still, not everybody knows

And not everybody knows that And not everybody knows that
70 per cent of Greeks who
go on holiday spend their
time at the seaside. Then
again, there is an awful lot
of coastline in Greece. And.
surprise, curprise, those who
live on the periphery of
Europe—the Irish and the
British—often fly when they
go on holiday ahroad,
For these tithits of information, a walting world is
indebted to the European
Commission—DG-VII/B/3
(Tourism Service) to be
precise.

precise. For the very first time, thanks to this service, there is now, as the Commission puts it, "at the level of the twelve states of the European Community, information on the number, profile and behaviour of holidaymakers." Not only

of holidaymakers." Not only that, there is information about people who do not take a hollday. Today, it is possible to say without equivocation that, on the basis of a survey of 11,840 people throughout the Community, those who cannot afford it do not go on holiday. Within that simple fact, where the Commission has managed appropriately to quantify the

the Commission has managed unerringly to quantify the obvious, the whole problem of economic disparities in the Community is laid bare.

Those who can least afford to go away, or who do not want to go away, are the Irish and the Portuguese. And those most inclined to take an annual holiday live in the Netherlands and Denmark. But it is the French who go away the most, showing the strongest tendency to take more than one holiday.

There le another wider point.

strongest tendency to take more than one holiday. There le another wider point. The survey results can be turned into a massive justification of the common agricultural policy, a telling argument for switching resources into the countryside. Nearly two-thirds of those living on a farm or in an isolated country house did not go on holiday last year. And three-quarters of farmers and fishermen—where they were the head of household—bever got away.

All of this is useful information. The Commission says so. It promises that it will take the survey finding into account as it develops its tourism policy. It sees itself, for example, as a guidebook published, co-ordinator of a hotels classification system—nearly a third of Community holidaymakers stay in hotels and quest-houses.

holidaymakers stay in hotels and guest-houses—and pro-tector of the traveller.

Certainly, says the Commission. the information will be of greatest interest to the pro-fessionals in the sector. It is right. Because, if one thing makers try to avoid the pro-fessionals—threequarters of them make their own errange

More than two-thirde of them like to travel by car—especially the French, who try to stay in other people's homes if they can. There is another cautionary

note for the professionels.
Only just under e third of
Community holidaymakers
are going to move outside
their own national borders. And a final cautionary note for the politicians. Any of them thinking of fighting an election on en anti-terrorist ticket probably need to think twice:
Only about one European in
a hundred lets terrorism
interfere with holiday choices.

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14. 美美美女

day of price declines. The index closed at 656.60. Since last Friday morning, when the Socialist Party announced it would refuse to join a government led by the Business leaders are issuing urgent appeals for a resolution of the Rome crisis, which began on June 27 with the resignation of Prime Minister Bettino Craxi after a parliamentary defeat. could not continue for long before der and earn more than in their reg-the balance would collapse between ular employment. **BRITISH CITIZENS** LIVING ABROAD

1	BROWN (Andrew Brown, of 6 Orchard Grove, Maida Value 7 BE	X	CLUDED!
2	(John Phillip Smith, of 21A Highfield Road, Enfield, Middlesex EN6 2DR)		
3	JONES (Albert David Jones, of Il Chariton Court, London NWI)		

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PLEASE LET OTHER BRITISH CITIZENS KNOW THAT THEY MAY ALSO BE ELIGIBLE TO VOTE IN THE UK.

Pressure continues to US, Soviet grow for sanctions against South Africa

on South Africa continued to —would participate in the so-gather force yesterday, called friendly games although Sir Shridath Ramphal, because it did not support the Commonwealth Secretary-General, urged Commonwealth nations to reach a compromise on economic measures against South Africa which would fall short of full economic

India yesterday deferred a decision on whether it would participate in the Commonwealth Games in Edinburgh, saying that it would wait and see what happened at the African front-line states conference in Harran on Friday.

When the African states position is known, India will make a final decision. After this, India is expected to take up the question of putting further pressure on Britain for some kind of action against South Africa.

COMMONWEALTH pressure Swaziland—an enclave sur-on Britain and other Western rounded by and dependent countries to impose sauctions economically on South Africa on South Africa continued to gather force

toria.

Meanwhile, leaders of seven east and central African countries issued a strong condemnation of South Africa and sharply criticised Britain, US and other European nations for dragging their heels over the imposition of comprehensive sanctions against South Africa.

economic sanctions against Pre-

The communique was issued saying that it would wait and see what happened at the African front-line states conference in Harare on Friday.

The Indian contingent to the Games was due to leave for Edimburgh yesterday, but its departure has been delayed until at least July 20 on Government orders. By then, the attitude of the African states should be known. It seemed to cooperation in the area and attitude of the African states should be known. It seemed to cooperation in the area and co-ordinate a more forceful would boycott the Games.

Kenya has also withdrawn a set of five stamps commemorating the Commonwealth Games.

The boycott of the Commonwealth Games by some African nations was regrettable but understandable, Mr Bill Hayden, Australia's Foreign Minister, sald yesterday, AP reports from

Some some action against South Africa.

Among the front-line states, Zimbabwe appears increasingly likely to join the boycott. This follows the publication yesterday in the country's leading newspaper of an editorial endorsing the pull-out of Kigeria and four other African countries.

The Herald, which usually reflects Government thinking forecast that the games would be a "resounding flop."

Swaziland will send a team to the Games. Mr Abner Tember, a Government spokesman, said

Union 'in sharp exchanges'

By Reginald Dale in Washington

PARISTAN'S NUCLEAR programme has led to some tough talk by the US and the Soviet Union in the past month, with Washington warning Moseow to keep its "hands off" Pakistan, the Washington Post reported yesterday.

Post reperted yesterday.

The US message to Moscow was provoked by a direct and unusually sharp Soviet warning to Pakistan about its nuclear activities, including a charge that the Pakistanis are on the verge of constructing a nuclear bomb, the paper said. Moscow told Pakistan that it would not tolerate such a development.

While Moscow has frequently warned the Islamabed Government to stop the flow of US covert aid to the Afghan rebels, most of which passes through Pakistan, it had not hitherto Pakistan, it had not hitherto devoted great urgency to the nuclear issue, the Post said. The US responded to Moscow with what was described as an "extremely grave" relitera-tion of its commitment to Pakistan's security.

Nevertheless, Pakistan's nuclear programme could also pose problems for Washington in the months ahead. Admiral John Poindexter, the National Security Adviser, is reported to be concerned that the Administration may not be able to certify to Congress in October that Pakistan does not "possess" e nuclear weapon, a condition for continued US condition for continued US new \$4bn aid programme.

Mr Shiv Shankar, the Indian Foreign Minister, is believed to have complained vociferously about the Pakishe visited Moscow last month, possibly triggering the Soviet warning to Islamabad.

John Elliott reports on the objects of the Prime Minister's visit to the US

Junejo tries to polish Pakistan's image

Mohammed Kham Junejo there is an elected Prime Min-arrives in the US today for a ister in charge of the Govern-six-day official visit intended to enhance his personal image and strengthen the standing of his Chief to Army Staff.

The balance of power between challenged by Miss Benezir the two men is a subject of Bhutto, teader of the country's constant debate in Pakistan. main opposition party.

No important initiatives or in an interview. during the visit spart for the possible signing of an extradition treaty which the US hopes will strengthan the two countries' attacks on South Asia's narcotics trade.

The balance of power between

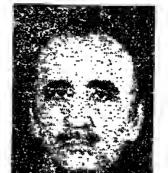
nain opposition party.

Ministers and senior civil
This is Mr Junejo's first servants claim that key files
oreign tour since he emerged now go to Mr Junejo, not Presiforeign tour since he emerged from relative obscurity to become Prime Minister 15 dent Zia, and that important decisions are taken by the months ago when he was chosen by President Zia ul-Haq, then the military ruler, to head the country's first elected Government since 1977.

No important initialized to the president and his fellow top generals." It is my Government, and the generals have nothing to do with it," Mr Junejo said But Mr Junejo, a man of few

words, has yet to build a reputation as an active and successful Prime Minister. President Zia, will strengthan the two countries attacks on South Asia's marcotics trade.

The US wants to show its recognition of Pakistan's moves simply because it is taking place The US wants to show its recognition of Pakistan'a moves simply because it is taking place Soviet advances. For Pakistan, and gives him an opportunity democracy, and the Pakistan to project himself as the guest Government wants to demon-



Mr Junejo: first tour

two countries mntually dependent on each other following the Soviet Union's invasion of Afghanistan in 1979, Pakistan is, in US eyes, agreement introduced after the into first plece because of the Afghanistan invasion ends next decline in the value of the

Pakistan, which it suspects is moving towards acquiring e full nuclear weapons capability, to sign the Nuclear Nonproliferation Treaty and accept full safeguards.

Pakistan says it will not make these moves without concurrent to the US.

The US will continue to tree to tailed \$730m and its exports to the US were valued at \$260m.

Mr Junejo will urge the US to relax protectionist trading arrangements to help Pakistan's textiles trade, which makes up about half its exports to the US.

these moves without concurrent moves by India.

The US also wants Pakistan to launch a public relations campaign to win popular support for combatting the narco-tics trade. Pakistan has been e supplier and trading route for narcotics for some years and is now suffering domestically, with its total number of drug addicts mushrooming to an estimated total of over 300,000.

year and will be replaced by dollar egainst the currencies \$4.02bn, second six year of Pakistan's other leading tradackage.

The US will continue to urge
akistan, which it suspects is
loving towards acquiring e

of Pakistan's other leading trading partners. In 1984-85,
Pakistan's imports from the US
totalled \$730m and its exports
to the US were valued at

But the success of such ven-

tures and other economic deve-lopment depends on political stability, and that is threatened at present by the strident calls by Mise Bhutto, doughter of the late Prime Minister, for early

The US believes that, in the interest of continued peaceful and gradual political development, the present Government should, if possible, run its full term to 1990. It is demonstrating this beginning by June of the ing this by giving Mr Junejo the full pomp and ceremony of an official visit.

Netherlands drops proceedings against nuclear scientist

BY SIMON HENDERSON

THE controversial Pakistani scientist Dr Abdul Qader Rham has been told by the Dutch authorities that there will be no further proceedings against him over his work in the 1970s at an experimental uranium enrichment plant in Pakistan, which is suspected of being at his plant is suspected of being at his plant is suspected of being at played down the significance of the centre of a possible effort the centre of

Abe calls for 'second opening? of Japan

THE JAPANESE people must change radically their relations with the rest of the world, according to Mr Shintaro Abe, Japan's Foreign Minister and a

pared the country's current challenge to the overthrow of fuedal rule and the opening of contacts with the outside world

What was needed today, he said, was "the second opening of the country" to achieve " a socioeconomy more harmonious with the international economic

Mr Abe, who has just been named leader of the largest faction within the ruling Liberal Democratic Party, re-assured his countrymen that such an opening would be "in no way detrimental to the features that characterise Japanese society and culture, especially not to the advantages

and virtues of its largely homogeneous people." However, the Blue Book itself pointed out that being more open entailed "A receptivity to foreign goods and ideas, or what

foreign goods and ideas, or what may be called an internationalisation within." It called an the Japanese people to be more broadminded and tolerant.

The statement joined the chorus of calls in recent months fnr Japan's economy to become less dependent on exports. "There can be no lasting peace and prosperity for Japan with-out a harmonious relationship

with the international com-munity," It said.

The statement said Japan would step up its official assist-ance to developing countries. "Yet aid alone is not enough.
It is extremely important for
Japan to develop a relationship
with the developing world
based upon a new division of labour by further npening its markets to products from the developing countries and promoting private direct overseas investment and its accompany-ing technology transfer."

Relations with neighbouring Asian countries, some of which were occupied by Japan during the Second World War, should stress "people to people and heart to heart contacts." It was urgent to support the new Philippine Government as much as nossible.

Mubarak seeks European help

PRESIDENT Hosni Mubarak of Egypt plans to visit London, Paris and Bonn this week to rans and Bonn this week to seek support for tacking the country's economic problems, western diplomete told Renter in Cairo yesterday.

They said he was likely to ask for help in obtaining softer conditions if France as avanated.

month.

The main concern of the campaign is that no provisions have been made for evacuating any of the territory's 5.5m inhabiconditions if Egypt, as expected, formelly asks the international Monetary Fund (IMF) for standby credits of about \$1bn.

Philippines and IMF to start debt talks

BY CHRIS SHERWELL IN MANELA

month stand-by-credit worth up to SDRs 615m (£492m).

Japan's Foreign Minister and a leading contender to succeed Mr Yasuhiro Nakasone as Prime Minister.

In a preface to the Japan its domestic economic policies. Foreign Ministry's annual policy statement (Blue Book) published yesterday, Mr Abe compared the country's current to SDRS 615m (£492m), upset bankers by speaking of the country's debt, a term now modified to "caseby-case disengatement." This apparently its domestic economic policies. It will also help decide the terms of any further rescheduling of the country's which it regards as illegal or unjust.

Bankers are also concerned by \$26.3bn external debt, the largest in Asia after

South Rorea.

At stake in the talks, say officials and diplomats, is the Government's continued popular support as it presses for economic expansion to counter an intensifying communist-led insurgency. The country faces minimal growth this year after two successive years

The economic programme which will be linked to the IMF credit will replace one which ended with the fall of President Ferdinand Marcos in February. A total of SDR 212m remained undrawn under that

remainer undrawn under that agreement.

Before granting a new facility, the IMF will want agreement with Hanila on fiscal and ment with Manila on fiscal and monetary targets and ceilings. The most important matter is the budget deficit, currently estimated to beve swollen to Pesos 27bn (£905m) for 1988, or about 4 per cent of gross national product.

Also on the agenda will be a freer float of the peso, tax reforms to raise revenues, lower import tariffs and the sale of import tariffs and the sale of non-performing assets under a

non-performing assets under a privatisation programme.
Apart from Mr Jaime Ongpin, Finance Minister, and Mr Jose Fernandez, the Central Bank Governor, the Philippines team is likely to include Mrs Solita Monsod, the Economic Planning Minister. She surprised an

populated Hong Kong have prompted unprecedented public apposition in the colony. Protests against the plant

to be built at Daya Bay in the Shenzhen special economic zone in Chiur's Guangdong

province — have spread rapidly following the Soviet nuclear

accident at Chernobyl in April.

A broadly based and well drilled anti-nuclear lobby,

involving local politicians,

church figures, teachers, trade unions and conservation groups

has so far collected more than

500,000 signatures on petitions against the \$3.5bn Hong Kong-China venture in just over a

CRITICAL talks start in Manila today between the Manila on Monday by saying Philippines Government and the International Monetary needed the credit to comfort its month stand-by-credit worth up to SDRs 615m (£482m). Manila on Monday by saying openly that the Philippines only needed the credit to comfort its 483 commercial bank creditors. Mrs Monsod has previously upset bankers by speaking of selective repudiation of the country's debt. A term now

country will only pay according to its ability—believed to mean around 70 per cent of debts fall-ing due—in order to secure a substantial economic growth

At this point neither stand seems likely to help the Philippines negotiate a rescheduling of debts falling due from next year, nor reduced margins on its outstanding debt. Bankers may also be unwilling to

may also be unwilling to stretch out repsyments under the laboriously negotiated rescheduling arrangement agreed early last year.

Under that arrangement a total of some \$6.5 m in debt due between 1983 and 1986 was rescheduled. The banks put up \$925 m in new money and a \$3 m trade facility.

The \$925 m credit was less than two-thirds drawn down when its availability ended on June 30. The creditor banks failed to agree on a six-month extension, and some smaller ones have already sold off their loans at a discount in frustration.

tion.

As for the trade facility, which expires at the end of the year, only about half has so far been used. With the Government's 33-mouth-old moratorium on debt principal repayments also ending on December 31, the end of the year is emerging as a critical deadline for a new agreement with the banks.

the plant, which has clearly taken the Hong Kong Government by surprise, is increasingly being seen as a test of Peking's willingness to listen to public opinion in the territory. Hong Kong reverts to Chinese rule in 1997 but Peking has pledged it will have substantial

political and economic auto-

nomy under a "one country, two systems" constitution

believe the controversy has become a political issue which

could leed to a crisis of confi-dence in the future of the colony and upset the delicate relationship emerging between

the mainland and Hong Kong They plan to mount an infor

mation campaign on the Daya

Bay project in an attempt to soothe public fears.

Officials in Hong Kong

Hong Kong protests mount

PEKING'S plans to build a tants should a nuclear emer-nuclear power plant just 40 gency occur. miles from the heart of densely The depth of opposition to

against Chinese N-plant

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Mexico closer to agreement on **IMF** package

MEXICO and the International Menetary Fund (IMF) are movin growards an agreement however the Mexico would be expected to repay some ef its borrowings. It was unclear yearlish week between Mr Gustave Petricioli, the Mexican Finance with this week between Mr Gustave Petricioli, the Mexican Finance with the release of some \$1.50n (£993m) of IMF funds to the ceptral American country has been settled. But several major ehstacles remain te be negotiated including the tricky task of putting specific numbers on the economic targets which Mexico must agree ta aim for.

Mexico and the International funds should this be necessary. If oil prices rose substantially funds should this be necessary. If oil prices rose substantially however the Mexico would be expected to repay some ef its borrowings. It was unclear yeaterlay bowever who would provide this compensatory finance although it appeared that commercial banks could be expected to contribute.

The IMF is also understood to be willing te take international lending agency that high domestic interest rates are deficit in calculating deficit targets. This is something the international lending agency bas dene previously in Argentina and Brazil, for example.

commercial banks to put in their share of the new funds Mexico

Durable consumer goods gained 0.1 per cent in June after falling 2.4 per cent in May and were up 1.4 per cent

from e year ago.

Output of non-durable consumer goods fell 0.2 per cent in June after rising 0.2 per cent the previous monto

Meanwhile, US retail sales increased \$185m, or 0.2 per cent, in June to a sensorally adjusted

Mexico must agree ta aim for.

Mexico must agree ta aim for.

Any agreement between the Beth the IMF and Mexico IMF and Mexico would have to appear to have adopted mere await a commitment from the appear to have adopted mere flexible positions after a period when it seemed that the negotiations were drifting in troubled waters. The IMF is understood to have accepted that in agreeing economic tarthat in agreeing economic targets it would take inte account specifically the adverse impact of the plunge in oil prices on gevernment revenue and therefore its budget deficit.

It appears that in the second of the plunge in oil prices on gevernment revenue and therefore its budget deficit.

fore its budget deficit.

It appears that in principle it best been accepted too that an effort should be made to try

of Mexican bank creditors to e to insulate Mexico from further new lending package promises oil price declines by an agree- to be one of the most difficult ment to provide additional aspects of the negetiations.

The Fed revised May's figure

upward from e 0.6 per cent de-clice reported previously. It also revised April upward to show a 0.6 per cent rise instead

ef the 0.4 per cent gain re-perted earlier.

US industrial output

US industrial production fell business equipment, construc-

0.5 per cent in June after a tion supplies and durable revised 0.4 per cent May decline materials, but it said autos and

and was 0.2 per cent below its transpert. equipment showed level of a year ago, according significant gains, to the Federal Reserve Board, Reuter reports from Washing-

The Fed said about one-half in June to e seasonally edjusted of the June decrease was due to \$118.7bn, the Commerce Departstrikes affecting output of ment said.

falls 0.5% in June

protesters block Texas border RIGHT-WING

between the border towns of Cludad Juarez and El Paso,

election authorities an-nounced a virtual clean sweep nounced a virtual clean sweep in the vast north Mexican state for the ruling Institu-tional Revolutionary Party (PRI), with 57 per cent of the vote against 33 per cent for the Reaganite National Ac-tion Party (PAN).

But in 57 years of continuous rule the PRI has never let a state government go, and on July 6, numerous instances of voting irregularities— centring on the stuffing of ballot boxes and the parallei exclusion of accredited eppo-sition vote monitors were

The response by PAN, backed by the Catholic Church, sectors of business, PRI businesses and medla an attempt to make the State

ungovernable,
In Juarez border traffic was blocked for nearly two bours as some 5,000 Panistas took over the two bridges linking the city to El Paso. Four people were injured as polica used clubs and fired in the zir in a falled attempt to clear a neth. Army reinforcements a path. Army reinforcements arrived shortly afterwards but chose to negative

Mexican

By David Gardner in Mexico City demonstrators protesting against ballot rigging in Mexico's July 6 Chihushua state elections clashed with police on Monday night as they blecked frontier traffic hartwest the beader towns of

The clash came as local

This margin gives the PRI the key office of the governor-ship, all 14 seats in the state legislature, and control of 65 of the state's 67 municipal-

ties.

At face value, the Mexican regime's victory in Chihuahua would have to rank as one of the great turnarounds in the history of elections. At the previous election three years ago the PRI lost 10 of the state's townhalls, seven of them to the PAN (including Jasrez and the state capital, Chihuahua), which contain over 70 per cent of the 2.5m population. Party officials had still privately regarded the state as lost in the latest elections.

But in 57 years of continu-

the independent Left and sympathetic civic groups, has been to hold mass rallies, block roads, and boycott pro-

Wall Street may fund \$2bn private shuttle

difficult ventures, has been en-listed in an ambitious bid to raise \$2bn (£1.3bu) for a private-sector space shuttle.

private-sector space shuttle.

The bank is advising Pitteburgh-based General Space, a
company which wants to construct the vehicle to replace
Challenger, one of the National
Aeronautics and Space Administration's fleet of feur shuttles
which exploded in January,
killing seven astroomits.

Drexel Burnham is best known for its tole in arranding "junk bonds"—techniques to fund entrepreneurial schemes

DREXEL BURNHAM LAM. that might have difficulty rais-sideration at Nasa and in the BERT, e high-flying Wall Street ing cash by more orthodox. White House, The spheme would bank known for its financing of banking channels.

Since the Challenger disaster, which was followed by accidents involving two conventional US satellite launchers, the US space satellite launchers, the US space programme has come virtually to a halt. This week, Nasa told President Ronald Reagan that, pending design improvements, the remaining three shuttles are unlikely to fly again before 1988, a serious blow to. US capabilities to lift into space military and commercial satellites.

Replacing Challenger with a vehicle built not with taxpayers fueds but with cash raised privately is under serious conbudget, and by injecting e dose of private enterprise into the launcher business the move could add momentum to the

fragging space programme.

Under the proposal by General Space, a subsidiary of Maryland-based Astrotech International, Wall Street would provide the 32bn for the new shuttle which General Space would own. It would then lease the craft to Nasa, which would eperate if in the same way as the three existing shuttles.

As part of the deal, General flagging space programme. As part of the deal, General Space, which has recruited as

shuitle launch base at the Ken-nedy Space Center in Florida, would be responsible for mar-keting rines into space using all four carriers. The company has canvassed

shuttles, the vehicles could be kept exclusively for military and scientific payloads, leaving commercial communications satellites to be lifted into space by expendable rockets such as the US's Delta and Atlas-Centaur and by Arianespace, a company in Paris.

its ideas among US government agencies, including Masa and says, the scheme has been received, favoorably. President Reagan Still has to decide on the general question of a replacement for Challenger and also on the role for the simutle fleet in the future.

One possibility is that, due to the queue of payloads awaiting a ride into space or the control of the financing of space activities." said Mr Ridings.

Record trade surplus for Brazil

Argentina wins \$100m loan

council, a major purpose ef which will be to expand Japanese investments in Argen-

THE AUTHORISATION of a co-operation between their \$100m (£66m) subsidised loan countries and to establish a from the Japanese Exportimport Bank to finance council, a major purpose of Japanese exports of capital which will be to expand

of President Raul Alfonsin's

A more delicate subject of official 1 3day tour of the Far and Near East.

\$100m (f66m) loan from the Japanese Export-Import Bank the issue of fishing in the

BRAZIL yest erday reported e record half-year trade surplus of \$6.15bo (£4.1ba) against six month period last year. \$3.44bn for the same period last year. A good domestic wheat last year. Over 12 months, the ecceunt showed a \$13.18bn surplus.

A good domestic wheat harvest also reduced costs, saving some \$244m, a decline of more than some 70 per cent

eccount showed a \$13.18bn surplus.

The result leaves Brazil well on course to surpass the saving on food and oil-allowed an increase in imports of other resources to cover liabilities en its \$104bn foreign debt leaving a possible current account surplus of over \$1bn.

**Saving some \$244m, a decline of more than seme 70 per cent on last year's wheat bill. The saving on food and oil-allowed an increase in imports of other goods, in particular machinery and industrial equipment, up at per cent in the period.

Total imports rose from \$3.18bn to \$4.47bn, with the oil

goods and services to Argenlina, has ben be firs notable success

Japanese Export-Import Bank to finance Japanese exports of

The announcement was made in Tokyo on Monday by the Japanese Fereign Ministry following two hours of talks between Mr Yasuhiro Nakasone,

the Japanese Prime Minister and the Argentinian President.

The two leaders reached broad agreement to promote increased trade and economic

welcome news to the Govern-ment, which has just reported disappointing unflation figures showing a 1.27 per cent rise in Economists had been predicting that inflation would fall back to under 1 per cent for the month, as efforts to consolidate the anti-inflationary Cruzado plan launched last

its \$104bn foreign debt leaving a possible current account surplus of over \$150.

Officials of Cacax, the Government's trade agency, auributed part of the result te the fall in international oil prices and increased, internal rose 14 per cent. The inflation figures, together with officency with officency

February continue.

The inflation figures, together

their Argentinian coastguard vessel.

Argentina has since reached

an ontline agreement with the Soviet Union which is expected

to benefit the development of Argentina's deep sea fishing

Argentina has been trying to reach similar agreements with the Japanese since the end of last year but until now without

Venezuela predicts \$3bn balance of payments deficit

VENEZUELA'S Ministry of oil prices collapsed. Oil receipts
Planning has projected a balance of payments deficit of around \$7.7bs.88.bn, off sharply
\$3.6bm (£2.4bm) for 1986 and from \$12.9bm in 1985.

real growth of 2 to 3 per cent
for acceptate around \$7.7bs.88.bn, off sharply
from \$12.9bm in 1985.

Last year Venezuela's GDP
contracted by 0.4 per cent, despite positive growth in agricul-

supply (M12) growth of about 12 per cent. The Government expects a public sector deficit in 1986 of about 5 per cent of GDP.

Venezuels, whose economy end and mondepends heavily on petroleum around 9 per projected oil export revedues of sector also re around \$12,60s for 1986 before for the year.

real growth of 2 to 3 per cent for acceptance (GDP).

The ministry also predicted ture, industry and a few other sectors. The balance of pay- 10 per cent unemployment of below 12 per cent and money surplus of \$1.67bn and the current account had a surplus of

Inflation in 1985 stood at 9.1 ner cent, unemployment was re-ported at 12.2 per cent at year end and money supply grew by around 9 per cent. The public sector also registered a surplus

Trinidad acts to preserve foreign exchange reserves

BY CANDIE JAMES IN KINGSTON

insterest rates, reserve ratios and directed that from September lending in an effort to hold the country's foreign exchange reserves "at a relatively comfort able level."

The central bank has also directed that from September 30, loans for non-business purcountry's foreign exchange reserves "at a relatively comfort able level."

At the end of 1985, the

The Caribbean republic, which has a population of 1.1m, depends on petroleum exports for 90 per cent of its foreign exchange eximings and has seen its financial resources fall from \$3.160n in 1982 to \$960m at the

Company Notices

THE TRINIDAD central bank per cent of deposit liabilities, has imposed new regulations on The central bank has also At the end of 1985, the central bank said, non-business

loans had reached a level of 34.7 per cent of all advances by comdepends on petroleum exporis
for 90 per cent of its foreign
exchange extraines and has seen
its financial reserves fall from
\$3.16bn in 1983 to \$960m at the
end of last year.

The central bank has instructed commercial banks to
reduce their statutory cash reserves from 17 per cent to 15

Minimum down payments en
instalment credit have been
abolished, while maximum down
payment periods here been
extended from 30 months to
48 months for motor vehicles,
and from 24 months to 36
months for appliances and
serves from 17 per cent to 15

Stray-

2

MANAGERS IN HUNGARY



The first edition of the directory was recently published by the Hungarian Chamber of Commerce in English and German. The publication is intended to help foreign husinessmen establish and develop husiness contacts in Hungary.

The directory contains professional hiographies of 2,400 leading executives of companies and co-operatives affiliated to the Chamber. The biographies contain information such as company name, position, speciality, address and other relevant information. An appendix gives the names of member companies and lists the executives of each company.

ORDER FORM

I order herewith the following publication of the Hungarian Chamber of Commerce

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ting Rate Notes due 1989

In accordance with the provisions of the Notes, notice is bereby given that the rate of interest for the period 18th July 1988 to 18th January 1897 has been fixed at 6,9375 per cent per annum. On 18th Jenuary 1987, Interest of US\$554.58 per US\$10,000 nominal smount of the Notes, will be due against interest Coupon No. 10. SWISS BANK CORPORATION INTERNATIONAL LIMITED

Reference Agent

Motor Cars

south Atlantic. Jepan has a growing fishing fleet operating eut of Port Stanley in the Falkland Islands,
Argentina's claim to sovereignty over the islands and the need to control depredation of the region's fish stocks resulted in the sinking of a Talwanese squid trawler in many this year by an Argentine mainland,

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MY, MOD. Fri. 9.30-5.50; Thurs. 1830 and OLE MASTER PRITT. Until 25 July, MOR-Fri. 9.30-5.30; Thurs. LEGER, 13. Old Bond Street. ENGLISH PICTURES FOR THE COUNTRY MOME. Mon. to fri. 9.30-5.30. Homes St. W1. 0.459 \$150.0. Pictures Fri. 9.30-5.30. Homes St. W1. 0.459 \$150.0. Pictures Fri. 9.30-5.30. Homes St. W1. 0.459 \$150.0. Pictures Fri. 9.30-5. Pictures Fri. 9.30-5. Pictures Fri. 9.30-5. Pictures Fri. 10-6. St. St. James A. 574. BARDOUE III, 1620-1700. Until 13 August. Non.-Fri. 10-6. OMELL GALLERIS, 438, Duke Street, 9. Jeonés, London, SW1. Tell 01-330 7744. PAINTINIGS. MASTER FRANCISCO. PICTURES OF ST. S. ST. J. S. S. S. J. D. 10-6. PICTURES OF GOLD—The Colonge of Medium Islam, Until 5 Oct. Ture-Sat. 10-5.30; Sun. 12-5.50, Adm. £1.

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HOLIDAYS AND TRAVEL **ADVERTISING APPEARS** EVERY WEDNESDAY AND SATURDAY

Campaign WITHOUT WARNING

National Westminster Bank PLC Notice to Preference Shareholders

Notice is hereby given that a divident of 2.45p der ehere for the half-year ended 39 June 1986 will be paid on 30 August-1936 to holders of the Cumulative Preference Shares registered in the books of the Company at the close of business on 1 August 1986.

Holders of the undermentioned Share Warrants to Bearer in the Company ere reminded that, after surrender of coupon No. 175 for payment of the Interim dividend for 1986, the cou-pons on such Warrants will be exhausted.

THE "SHELL" TRANSPORT AND

TRADING COMPANY, PUBLIC

LIMITED COMPANY

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

no. 175 for payment of the interim ordered for 1990, the coupons on such Warrants will be exhausted.

The Share Warrants of 20 shares each, numbered 1 to 447,500 share Warrants of 80 shares each, numbered 1 to 291,250 NOTICE IS HERIEBY GIVEN that the talons releting to the above mentioned Share Warrants must now be surrendered to be exchanged for new coupon sheets. Particulars of the talons should be entered on listing forms, copies of which may be obtained from Lloyds Bank Pic, Registrar's Department, Issue Section, 11 Bish opsgate, London, ECZN 3LB, with whom the completed forms, eccompanied by the talons, must be lodged. The listing forms must be completed end signed by the Depositary, and subject to the listing forms and telons being in order, the new coupon sheets will be issued. The new coupon sheets in respect of telons received by post will be despatched by unregistered post to the Depositary concerned at his own risk. Neither Lloyds Bank Pic nor the Company will accept responsibility for loss in the post.

No talon will be accepted unless accompanied by a listing form duly completed and signed by the Depositary.

Shell Centre,

London, SE1 7NA,

6th Lisky 1986

Shell Centre, London, SE1 7NA, 16th July, 1986

HOME BREWERY PLC

UNAUDITED REPORT FOR HALF YEAR * TO 31ST MARCH 1986

£000 27,118 NET TURNOVER Profit before Tax and Extraordinary Profit before Tax and Extraordinary
Items 2,288 2,078
Taxatien en Profits 933 946
Extraerdinary Items (Net)
Profit etiributable to Shareholders 1,329 1,132
Half Yearly Dividend en 4,025% (Net)
Cum. Preference Shares 90 30
Interim Dividend en Ordinary Shares (per Share) 4p 4p
(Amount absorbed) 240 240
Earnings per Share 21,5p 18,4p
The Brewery redevelopment programme has now largely been completed and the Company is well emitpoed to sain new completed and the Company is well equipped to gain new trade. The profits before tax are up by 10%, and future

Personal

Remember Stroke Victims Please **National Stroke** THE CHEST HEART
AND STROKE ASSOCIATION # Thristock House North, Tavistock Square, London WC1St 9JE. Telephone 01-327 3012

prospects are regarded as promising.

By order of the Board G J POVEY, Secretary

How to stay in bed and make those painless choices

ms nothing for it but to hang

on until she reappears.
It does not have to be that way, according to Richard Cain, marketing manager of UK-based Graseby Medical. "In the past couple of years," he says, "the medical prefession has been waking-up to the fact that the management of post-operative pain is really prefer.

allows patients to top themselves up with pain-killer when particularly pleased with is the they need it. In essence a facility for background infusion. This provides a steady low-level penses the drug on demand, within limits of doage and frequency set by the doctor.

The idea, known as patient the option to top it up when sharp pain comes along controlled analyssia (PCA), is People differ physiologically, not wholly new to the UK. More than ten years ago, work done by the Welsh National Hospital led to the development of a of administering an analgesic at machine called the Cardiff stated intervals does not allow machine called the Cardiff stated in Palliator. At around £1,000 for this. apiece, those machines—them-selves marketed by Graseby were initially too expensive to catch ou in the National Health

Service, though some were installed in hospitals.

YOU ARE lying in the post- 4,000 units apiece in the US operative ward in the hospital, market, at around \$3,000 each, not long after coming round making for individual company from an operation, and it hurts, sales of \$12m (£8m).

The nurse gave you a jab a With total turnover of £3m, while ago and moved on. The Greseby is a minnow by coneffects have worn off, and there parison with its competitors. However, Cain says, Pharmacia

is the only one to have made any impression so far on the UK market. The Graseby machine, called the PCAS, is controlled by an internal microcomputer which checks that the doses being demanded stay within presented limits.

operative pain is really prety
The doctor or nurse sets the
more doctor or nurse sets the
programme mean the size of
question what's being done, and
doce, how rapidly it should be
saying—listen, it hurts."

Graseby, a subsidiary of elapse before another dose is
Britain's Cambridge Electronic allowed, and the concentration
Industries, has come up with a at which the drug is adminis\$1,500 electronic device which tered.

A refinement Graseby seems

of pain, and the normal practice of administering an analgesic at stated intervals does not allow

The UK market, Richard Cain says, has scarcely been scratched, other than in pockets of conversion—hospitals which have already experimented with the Cardiff machine. But, he Competition in the UK is otherwise foreign—from the Swedish pharmaceutical group Pharmacia, and from the big announced. By September it US companies C. R. Bard and Abbott Laboratories. According to Richard Cain, both US combanies claim to have placed to our own backyard first."

per cent after one week at a temperature of 1,400 deg C

Knewn as Durablanket
1400, the material is an excellent insulator, resists the
chemical attack commonly
encountered in industrial

WORTH WATCHING **Edited by Geoff Charlish**

ROOF THES made from polymer concrete are to be put on the market by Marley Roof Tile Company, of Seven-caks, Kent, UK (0732 451345).

eaks, Kent, UK (0732 451245).
The company describes polymer concrete as "totally unlike any other material available in the roofing market." Markey believes it will be able to compete for the first time against natural slates and man-made fibrous slates with a product that is tough, firepress and lightweight.

Moulded into relatively thin sections, polymer concrete

sections, polymer concrete has the strength of ordinary concrete of much greater thickness. The weight is about the same as that of most fibre cement products and the material has a Class 0 fire

DREXLER MEMORY card technology has been licensed to Ritachi, the Japanese elec-tronics major, to enable it to manufacture, wasting, and

Jerry Drexier, president, believes Hitacht's participa-tion could "significantly increase" the number of card equipments made over

Drexler's LaserCard, the size of an ordinary credit

size of an ordinary credit card, can hold two megabytes (2m characters) of data or roughly 800 pages of text. Medical, bushing and publish-ing applications have already been announced. The system makes microscopic marks on a special surface for read and write applications, but the

write applications, but the marks cannot be erased. In the US Drexler is on (415)

the next five years.

ture reading a writing equipment for the



Satellite communications from out of a suitcase

SATELLITE COMMUNICA-TIONS can be set up in 15 minutes by emergency teams, government organisations, exgovernment organisations, ex-ploration groups and media-teams using a 1981b trans-portable terminal from the US company Telesystems of Fairfax, Virgimia, and avail-able from Dynac Systems of Great Yazmouth, UK (0483 850722).

The new facility stems from the fact that immarsat, the international marine and aeronautical satellite communications organisation, has adequate capacity to allow land-based users to have channels. Users simply apply to their local PTT (telephone campany or anthority) for an identity number. There is no licence fee, but calls are charged at £2.60 a minute for telex. Immarsat exaft are now telex. Immersat exaît are now in arbit over the Atlantic, Pacific and Indian occans.

The TCS-900 terminal is approved in over 40 countries including Austria, Australia, Canada, Germany, Italy, New Zealand, Norway, Saudi

Zealand, Norway, Sund Arabia and Spain. Supplied in three "suit-case" units (radio frequency system, electronics unit and a Qwint telex machine), the TCS 900 uses an easily-assembled four-piece carbon/ glass fibre dish aerial on a folding aluminium tripod. After connection of elec-

folding aluminium tripod.

After connection of clectronics and power, the dish is
pointed using compans, elevation indicator and printed
tables provided. Voice and
telex calls can then be made. The system costs \$44,900 com-

INSULATION FIBRE blanket material with minimised mineral with minimised shrinkage that can extend the life of furnace insulation has been introduced by Carborundum Resistant Materials of St Helens, Merseyside, UK

C.

(674 488 2941). Made from the very pure oxides of aluminism, silicon and tirconium, the material insolation standards in billet and slah re-beat furnaces, ladle pre-heaters, forge furnaces and

content improves high temperature stability so that shrinkage is typically limited to under 3 UK Electricity Council laboratory: Geoff Charlish reports as scientists go looking for sales on industry's doorstep

Where the atmosphere is always electric

waves, cooking with light bulbs. more efficient disposal of sewage these are just a few of 100 or so research projects at the UK Electricity Council's research laboratories at Capenhurst, near Chester. Many of the projects have, or soon will be ex-plotted by licensees and put into use by industry and in the

The Electricity Council is the overall policy making body for overall policy making body for UK electricity supply, directly responsible to the Government. Under it, the Capenhurst labs, with 400 research staff, are looking to develop better ways of distributing and using electricity, with energy efficiency as the keynote.

Over the labs' 20 year hi there has always been difficulty in getting industry to take up the ideas that were generated. Today, much more emphasis is put on selling the labs work to pirt on seining the sans work to the outside world—the scien-tists and engineers have to go out and make themselves and their work known and felt, rather than wait for industry to come to them.

There have been some in-teresting outcomes of the £122m spent annually by the Council on research and development. For example, people using gas to cook argue, quite rightly, that the heat can be turned up and down far more quickly than with electricity.



So well over a decade ago Capenhurst started to look at ways of turning electricity into heat more quickly than with straightforward resistive elements, which themselves have to heat up before they supply heat to a saucepan so cause the well-known

hob settings.

The answer was light from tangsten halogen lamps radiating upwards through a hob plate transparent mainly to infra-red wavelengths—the ones responsible for all radiant heat. The

filtered light from the lamps looks deep red and supplies heat which can be turned up and down in a second or two. Pro-ducts are on the market from Thorn-EMI (Tricity/Kenwood Halohest) and Creda (Solar-heat). Belling Lee demonstrated a system earlier this year. Radio frequencies (RF),

energy, have been applied for some years to drying products because they act "from the inside out" in the same way

hurst team developed ways of "enhancing" the baking of bread with RF, cutting the baking time by a half.

The baking time as a problem, The normal steel five-sided tin screens out most of the radio frequency field and attempts to use non-metallic time have foundered since they are inevit-

foundered since they are inevitably thermal insulators.

The Capenhurst oven design directs the 8 kW RF field vertically through the top of the loaves, allowing steel sides to be used so that the ordinary arrestion has to the top of the steel sides.

oven can produce the brown crust without which the loaf would be unsaleable. The oven cooks 1 lb loaves in 15 instead cooks 1 b loaves in 15 instead of 30 minutes. Two major UK bakers are understood to be interested. In addition, the labs have satisfactorily baked breakfast cereal in granular and biscuit form, cookies, biscuits, pies and pet foods.

In complete contrast, another tann has developed a means of

team has developed a means of

team has developed a means of sufficiently oxygenating sewage to allow serobic rather than the customary anaerobic "bugs" to make the material safe and relatively inoffensive.

Normally, anaerobic bacteria—those that thrive on a lack of oxygen—digest the organic matter at about 35 deg C and convert some 40 per cent of it into carbon dioxide and methans. Some 15 to 30 days are required which in turn implies large and costly multiple digesters.

By using aerobic bacteria

By using aerobic bacteria (those that thrive on oxygen), smaller, simpler tanks can be used in which the sewage need remain for only five to 10 days due to the higher temperatures. The secret is to get sufficient oxygen into the sewage and this is done with an aerator which sucks air into the finid stream and yields very large numbers of small bubbles and intense turbulence in the tank. The aerator is licensed to Tom Maguire & Company of Milford Haven, UK, for manufacture.

The Leaders **Public Address** Closed Circuit Television 0494 450608

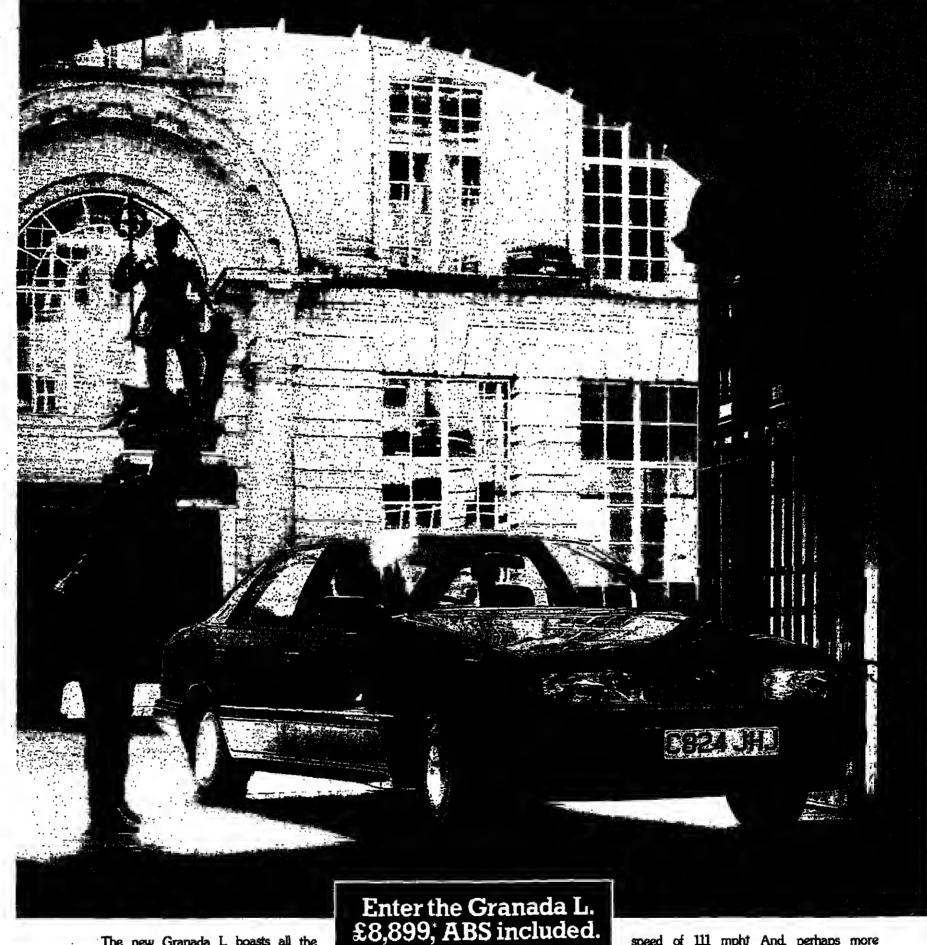
and oxygen liberates heat which allows the sludge temperature to rise to some 60 deg C above ambient (in an insulated tank), speeding up the digestion pro-cess and killing harmful bacteria as well. Over 10 times as much heat energy is produced as the electrical energy consumed in the pumps driving the aerator.

Capenhurst also provides in-house research to improve its own services and keep its cus-tomers happier.

A novel example is an elec-tronic version of the so-called expulsion fuses used on 11,000volt distribution lines in rural

Conventionally, ordinary wire fuses are used to protect spur lines running off a main circuit. Unfortunately, these can blow under conditions which do not represent a permanent fault, unnecessarily cutting off consumers down the spur and causing a maintenance team to

The new electronic device The new electronic device can recognise non-permanent faults, cutting maintenance and providing a more reliable supply. Brush Fusegear and GEC Measurements now make the unit; 1,000 are in service in the UK and world sales are



The new Granada L boasts all the essential qualities that make a Granada a Granada. And for which it was voted 'Car of the Year, 1986; one of more than a dozen awards.

The anti-lock brakes are just one example of the car's sophistication.

They're the ones that could help you steer out of trouble if you have to swerve while making a panic stop.

Youget the same smooth, big carride from the same supple suspension you find in every Granada. There's the same quietness from the flush fitting glass, and the same generous legroom - quite exceptional in the back.

And, of course, there are all those thoughtful little Ford touches that count so much - the low friction seat belts that don't tug at your shoulder, the steering column that adjusts for height as well as reach and the Chubb high-security locking system, to name but three.

For your £8,899* you also get the 18 litre lean burn engine which gives you a maximum

speed of 111 mpht And, perhaps more importantly, develops 90% of its maximum torque at only 1800 rpm, so even at low speeds it pulls smoothly in fifth gear - the mark of a

For a little more money, there's also a 20 litre L which has rather more power.

If you'd like to know more see your Ford dealer now. He'll be happy to help you into

*Maximum retail price, correct at time of going to press, excl. delivery and number plates. †Ford computed figs.

FORD GRANADA. CAR OF THE YEAR 1986.



Britain and Soviet Union ratify trade pact

BRITAIN yesterday signed a five-year agreement with the Soviet Union, aimed at booating bilateral trade which, for the first time in many years, pro-duced a small surplus in Britain's favour in January-May

The signing of the accord, formally called the UK-USSR Economic and Industrial Cooperation Programme 1986-90, by Sir Geoffrey Howe, the UK Foreign Secretary, and Mr Eduard Shevardnadze, the Soviet foreign minister, at a Lancaster House ceremony ratifies an agreement initialled by junior ministers on both by junior ministers on both sides earlier this year.

The accord does not atipulate precise volumes or conditions of trade since the right to do this, on the UK's behalf, lies with the EEC Commission.

But, while it does not guarantee any business in either direction, it updatea and identifies the interest of Britain and the Soviet Union in each

other's markets and products. Thus, it sets an agenda for Anglo-Soviet working groups in specific trade sectors and will belp UK companies, seeking to

EEC urged to

import curbs

THE European Community's

restrictions on steel imports from outside the EEC should

he relaxed, the British Iron and Steel Consumers' Councit

says in a submission to Mr Karl-Heinz Narjes, vice presi-dent of the EEC Commission.

The Commission is relaxing internal market controls on steel

in phases up to the end of next year and the Consumers' Coun-cil, which represents some of

Britain's biggest steel users, says the EEC's steel import re-

gime should be partially lifted to coincide with this.

The EEC has operated a sys-

tem of lateral agreements with

a number of countries outside the Community since 1978.

users. Basic import prices are higher than internal EEC mar-

ket prices and the EEC and Latin America are the only major groups of trading nations

In the non-Communist world in which steel imports and the

The council says restrictions of competitive sources of steel damage the interests of steel

ease steel



Mr Shevardnadze (left) and Sir Geoffrey at the signing ceremony

labyrinthine commercial bureau-

cracy in Moscow. The most promising UK

dustry, which underpins the

territory's position as the world's leading toy exporter, faces serious problems in main-

Hong Kong's Industry Depart-

Quality control is "generally

poor " and is given low priority, while industrial design capabilities are " very weak at best," the report notes in a frank

review of the sector.
Investment in research and

development is barely evident, and rising labour costs are tending to make Hong Kong manufacturers uncompetitive,

"While the industry does not

never mind catching up with ment changes in the pattern of year.

Hong Kong's plastics industry is the territory's third most important export earner, accountances in tight.

ing for more than 9 per cent of ticularly electronics, are suffer-total domestic exports last year. ing from similar structural It accounts for almost 100,000 weaknesses that could jobs in more than 5,500 fac- jeopardise the territory's future

face an emergency, it faces serious problems in maintaining its share of world markets,

taining market shares and in the territory's the pattern of world demand, according in a recent study by third biggest

sell or buy goods in priority are most interested in selling cheaper Soviet oil, which dearcas, to obtain comparable covers power generation, elec-priority treatment from the trical and welding equipment.

Trade prospects, however, are clouded by the continuing slide in the world price of oil, which exports are, as set out in yesterday's agreement, equipment for
bard currency earnings and is
bard currency earnings and is
a key determinant of its ability

David Dodwell on

problems facing

the territory's

export earner

tories, the lion's share of them

manufacturing toys. Toy exports fell in HK\$9.24bn (£775m) last year, 14.5 per cent below exports in 1984 of HK\$10.8bn.

Although this was partly due to slack demand in the US-

Hong Kong's main market for almost all products—and the strength of the Hong Kong dollar against most European

currencies early last year, there were few signs of an improve-

ment in the first quarter of this

pressed the valua of imports from the Soviet Union to £250m, against £324m in January May 1985. UK exports to the Soviet Union rose marginally from £273m to £286m over the same

Kong's director of industry by

an independent market research

organisation, is the first of a series analysing the territory's manufacturing industries.

Apart from toys, which account for about two-thirds of

account for about two-thirds of the sector's factories, the industry produces handhags, packaging products, plastic clothes and tites.

"Hong Kong's advantages are on the commercial side—relatively low prices, abort lead times, reliability of supply and delivery, and responsive maoufacturers," the study says.

"The disadvantages are

"The disadvantages are mainly technical — a narrow

range of product capabilities, inadequate emphasis on quality, inability to make precise mouldings, and minimal research and development."

of toys and plastics products ltems, presents "the most significant ing industry is contracting as an employer in the territory, there are signs that other sectors, particularly electronics, are suffering from similar structural weaknesses that could jeopardise the territory's future of toys and plastics products ltems, presents "the most significant more demanding in terms and more demanding in terms are close to missing the boat.

Manufacturers are criticised for tending to invest "for quick returns rather than long-term development."

exporting economies.

oil price and Western export res.rictions.
The first factor is overwhelm-

The first factor is overwhelmingly the most important, since oil is by far the biggest component of Soviet exports, while strategic export controls—to which the UK government subscribes—caver only an estimated 10 per cent or so of what UK rompanies would like to sell the Soviets

Mr Zamyatin told the House of Commons Committee last week that "if trade is lo increase we must find a solution to the credit problem."

The issue, for the Soviets, is

the price. rather than the volume, of UK official sterling trade credit which bears a relatively high interest rate. Talks on an Anglo-Soviet financial protocol, begin at the begenning of this year at the Soviet Union's Initiative, have still not produced any result.

period.

Mr Leonid Zamyatin, the Soviet ambassador to London, bas attributed the decline in Anglo-Soviet trade turnover from £1.59bn in 1984, to £1.26bn like the D-mark, or in a basket day's agreement, equipment for mining, oil, gas, chemicals, petrochemicals, synthetic fibres, non-ferrous metallurgy, control and measuring instruments, automation, and rail signalling equipment.

The UK surplus on trade with the Soviet Union in the first five months of this year

The technology the Soviets was mainly the result of the decline from £1.59bn in 1994, to £1.26bn like the D-mark, or in a basket currency, such as the European year to two factors—tha falling Currency Unit (ECU).

European manufacturers.

and quality.

product develop

quality and safety.

The report noted that buyers of toys and plastics products ltems, presents "the most signif-were becoming more affluent, cant new opportunity" for and more demanding in terms manufacturers. But Hong Kong

Manufacturers are doing

"a good job" in making tele-communications equipment, but could profitably diversify by

improving product development

Makers of plastic com-ponents for the electronics industry face "major oppor-tunities" but must invest in product the electronics and

Sports and recreational products for both the US and Europe offer excellent oppor-

tunities for growth, but only with closer attention to design,

The market for plastic com-ponents for cars and other vehicles, such as bumpers and

Hong Kong plastics must bend to market s one of Asia's most buoyant have exploited "only to a supporting economies. limited extent" the bousehold goods market. This market is dominated by Japanese and

It also brings the British group in against competition from aggressive US manufacturers such as Hershey, Nabisco and Beatrice, which are already established in the \$250m-a-year Brazilian biscuit market.

However. However, Mr Simkins claimed they had not made a great impression and UB stood to succeed because it had the right partner and proven manufacturing and marketing policies.

ducing cream crackers, petit beurre and marie biscuits.

Latin American markets, tempting because of their size, are notorious because of their size, are notorious because of the array of high tariffs and other hindrances which effectively block any attempt to import foodstuffs from the UK or the US.

United **Biscuits** in Brazilian joint venture

By Christopher Parkes

UNITED BISCUITS, one of Britain's largest food companies, is to try to break into the Latin American biscult market through a joint venture with the J. Macedn group of Brazil, a flour-to-types con-

Aided by soft loans from the local development agency, the partners plan in build a factory in Salvador, on the north east coast of Brazil be-tween Recife and Rio de Janeiro.

Janeirs.

Mr David Simkins, commercial director of UB International, said yesterday that once the joint company—Agula—was established, it would expand southwards into the densely populated areas around San Pauln and Rio.

UB would linear some \$2.5m aver the next three years, he said, giving it a 49 years, he said, giving it a 49 per cent interest in the com-

The deal represents UB's first move into manufactur-ing in Latin America. It stems from a relationship be-tween the two companies which began in 1882 with the British group selling technical advice to Macedo.

Mr Simking

Macedo is the second largest miller in Brazil, with a 12 per cent share of the flonr market. Warking with UB's technology it is already production

Mr Simkins said a technical agreement in Venezuela had collapsed because UB had been unable to transfer its royalties out of the country.

Gatt council approves protocol for Mexican entry

BY WILLIAM DULLFORCE IN GENEVA

CHINA yesterday took its first formal step to resume member-ship of the General Agreement on Tariffs and Trade while the Gatt council approved the pro-tocol spelling out the terms for

tocol spelling out the terms for Mexico to join.

Mexico will become the 91st member of Gatt in time to participate in the round of multilateral trade negotiations due to be launched in September. China's participation will depend on the rules adopted by trade ministers at their meeting in Punta del Este in September but the major trading nations are known to favour the inclusion of China in the new round.

referential treatment accorded to developing countries under Gatt rules.

Peking bopes to submit the bequired memorandum describing its economic system and foreign trade regime to the Gatt by the end of the year or the beginning of 1987. the beginning of 1987.

The Gatt council would then

set up a working party to examine the memorandum and The US luformed Gatt
negotiate the terms for China's
rejoining, China left Gatt in
1950

The US luformed Gatt
council yesterday that at its
next meeting in October it
would ask for a psnel to investi-

China is the world's 11th largest imporier, according to international Monetary Fund figures for 1995, but ranks only 17th among exporters. Last A senior European Com-munity official said tensions with the US over technology transfers may escalate into 2 new transatiantic trade war, Reuter reports from Brussels. Mr Willy de Clerq, external affairs commissioner, said Washington was using national security considerations as an excuse in block transfers of technology. The most serious problem was

most serious problem was nver telecommunications. tember but the major trading nations are known to fayour the inclusion of China in the new round.

In its formal application for membership submitted to the Gatt council yesterday China emphasised that it expects to be treated as a developing country and to benefit from the preferential treatment accorded to developing countries under Gatt rules.

Peking hopes to submit the bequired memorandum describ-

99 members. Once these have been obtained—and statements by Gatt countries yesterday made it clear there would be no problem—Mexico will become a full contracting party

gate the quantitative restric-tions which it alleged Japan had placed on 12 categories of farm products since 1963 in contravention of Gatt rules.

Transatlantic air traffic fall forecast at 4%

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TRANSATLANTIC air traffic this year is likely to be down about 4 per cent, compared with a rise of 5.6 per cent last year, as a result of the drop in US-originating traffic on the weaker dollar, US fears of terrorism in Western Europe and a campaign

about 4 per cent, compared with a rise of 5.6 per cent last year, as a result of the drop in US-originating traffic on the route.

The Association of European Airlines (AEA), which represents 20 major operators on this side of the Ailantic, says that during May traffic, as measured in passenger kilometres, was down by 8.5 per cent compared with the corresponding to the compared with the corresponding to the control of the compared with the corresponding to the control of the compared with the corresponding to the control of t

An early-morning swim. And more. 'nú're more than welcome.

Leadership.



One reason why Cast maintains a dominant presence in the North Atlantic container trade.



The Blue Box System of Container Shipping

UK NEWS

Lloyd's expels ex-chief of Minet Holdings

has been expelled as a member of have taken place after the dis-the Lloyd's insurance market after covery of irregularities at the con-being found guilty of misconduct by troversial PCW underwriting agen-

In an 68-page disciplinary report. It was alleged that Mr Wallrock Lloyd's has outlined various insurance was guilty of dishonest misappropance schemes with which Mr Wallrock was guilty of dishonest misappropance schemes with which Mr Wallrock rock was involved in the market schemes involving funds of mem-

benefit.

The Lloyd's authorities have concluded that, at Mir Wallrock's request, funds of Lloyd's underwribing members that had been transferred to a Swiss bank, the Banque du Rhône et de la Tamise were used in the following way.

cial owner was an undisclosed member of Mr Wallrock's family. That money was used to finance the many committee found Mr Wallrock purchase by Mr Wallrock of a one-third share in the motor yacht change the motor yacht. Cardigrae VI. The money had been transferred from another anstalt

rock to buy out the share in Cardi-

paid by Mr Wallrock to a New York was reduced on an appeal by Mr and Geneva jeweller for the purchase of jewellery.

On October 5 1979, \$75,000 was dicts.

paid to "New Fam" and used for repairing a yacht called Gloria II, (subsequently called Albacara of Tortolla) purchased by Mr and Mrs which Mr Wallrock was allocated 5-6 per cent of the insurance business accepted by the PCW syndiwhen the Cardigrae was sold; and cates, into which the Lloyd's members were grouped, under a reinsurpenses on the Albacara at Palma, ance scheme. The arrangement had

the yachi; legal expenses for the to accept a certain level of business marriage break up of a business as which is strictly related to their an sociate; Mr. Peter Cameron Webb, declying capital.

MR. JOHN WALLROCK, the former the professional underwriter at the chairman of Minet Holdings, one of PCW agency.

Britisin's largest insurance brokers. The disciplinary proceedings

the market's authorities in a range cy, a subsidiary of Minet, nearly four years ago.

and which he used for his personal bers of Lloyd's. In total, seven

in the following way.

In November 1976, \$79,762 was paid to a Liechtenstein anstalt, codenamed "New Fam", a financial trust that had been formed for Mr.

Wallook and of which the benefit. ment in the transactions.

On charges 1 and 7, the discipli-2, which alleged receipt of personal benefits, the committee imposed a set up for Mr Wallrock by the penalty of suspension from Lloyd's Banque du Rhône, codenamed "Pa- which runs for two years. Under which runs for two years. Under charges 3 and 6, which covered faiited to "Papir" as \$99,934 was paid its, the committee imposed penalt to "New Fam" and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 11 and used by Mr Wallies of suspension from 12 and used by Mr Wallies of su

grae VI owned by the beneficial. The committee also ordered that owner of New Fam. Mr Waltrock should pay £125,000

On June 14 1978, \$28,808 was for costs incurred by Lloyd's. That

ness accepted by the PCW syndi-cates, into which the Lloyd's mempenses on the Albacara at raima, ance science. Loc arrangement near bean set up, it was suggested, to enable the syndicates not to bread repairs of the Albacara; the buying out of shares in the yacht; taxes on rules, syndicates are ellowed only the wacht lead arrangement near beautiful to accept a certain level of business.

Underwriters to benefit from protection fund

A MULTI-MILLION pound fund designed to protect the interests of bave discovered that up to E80m of people who buy insurance from their money has been misappropri-Lloyd's of London will in fut used to protect the interests of the underwriting members or investors of the market, John Moore writes.

Although Lloyd's will continue to use the fund, which amounts to more than £200m, to meet insurance claims of policyholders if a Lloyd's member cannot meet any insurance claims, the fund in future is intended to be used to help mem-bers of Lloyd's who face difficulties in the market.

The controversial move announced yesterday, is seen as an attempt by Lloyd's to deal with the money from the central fund for troubles surrounding the 1,525 unmembers who are facing the greatderwriting agency.

agency and that they face up to 2250m in insurance losses. Lloyd's is attempting to reach a settlement with the PCW underwriting members who are planning to sue Lloyd's and a range of other commercial interests in the Lloyd's market. But before any settlement can be reached, all the affected members have to demonstrate that they have enough funds to meet their outstanding insurance liabili-ties in the annual Lloyd's solvency

derwriting members whose affairs est hardship to ensure that they were once managed by the PCS un-

Manufacturing output remains sluggish

BY WALTER ELLIS

INDUSTRIAL PRODUCTION in Britain fell by 1.5 per cent in May, compared with April. Manufacturing output continues to show little sign of recovering from its decline of the last 12 months and remains distinctly flat. Oil output dropped sharply in May, taking the energy index to 123.2 – down 5.9 index points on

April The main improvements were in mechanical engineering. petroleum products and paper. The latest, provisional, figures, released yesterday by the Central Statistical Office (CSO) show that in the three months to May, output of the production industries in-creased by 0.8 per cent over the pre-

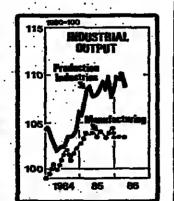
vious three months. periods increased by 2.7 per cent, ments are made regularly, and while manufacturing registered a since January a bias adjustment marginal fall of 0.1 per cent. Con-sumer goods, including electrical ing figures so that allowance is and electronic appliances, per-made for the differences of view beformed poorly, showing an increase

in output of just 0.3 per cent. in output of just 0.3 per cent.

CSO statisticians have meanwhile revised previously issued figures for the first half of this year.

The index of manufacturing output has been revised up by around 0.5 per cent in respect of the first quarter, while the figure for April – which had appeared unusually good the course out in fact to have been performed best in the UK over the three months to May have been performed best in the UK over the three - turns out in fact to have been er categories - principally rubber, over-optimistic. April has been re- plastics, jewellery, coins and toys vised downwards by a full 1 per which went up by 2 per cent cent for manufacturing and by 0.5

Oil extraction from the UK's



ing on an improved means of esti-Energy output over the same two mating output. Seasonal adjusttween government statistics and those of the Confederation of Brit-

per cent for production industries. North-East fields has continued The March-April "surge", which had been the subject of some surprised comment, thus turns out to than I per cent. Energy and water have been less than originally put supply overall increase output by forward. Statisticians are still work**GOVERNMENT SETS LOW TARGET FOR NORTH SEA LICENSING**

Frontier areas named in offshore oil round over warship order

BY LUCY KELLAWAY

THE GOVERNMENT has set itself Despite the latest fall in North work programme. the target of awarding 50 to 60 is cences in the tenth offshore oil and on Monday touched their lowest gas licensing round, the smallest levels since the first oil came on mumber since the 6th round in stream in the late 1970s, the Government hopes the round will be a levels were granted. Most of the 127 licence areas an- success.

sea or on the fringes of mature basins, although a few lie in less attractive frontier areas such as the Rickall and Faeroes Troughs.

Oil companies yesterday expressed some surprise that the Government had decided to include any high risk frontier blocks at all, given that the movement in oil prices from \$30 six months ago to this week's record lows of \$9 has overtained file attractions of all exploration in the North Sea.

difficulty in meeting their existing tor of the North Sea fell sharply in commitments, reacted unenthusias tically to yesterday's announcements and administration of the North Sea of output is at the smaller companies its lowest for 10 months, having fallen steadily from a peak of 2.77m barrels a day compared with 2.54m in May. North Sea oil output is at the that the smaller companies might be expected to play a less prominent role in the tenth round, although he hoped to see them involved as members of partnerships.

The terms on which the licences grammes, and a five-day shutdown last month of the Ninian pipeline. The sharpest two falls were in the Forties field, operated by BP, where with lighter work commitments.

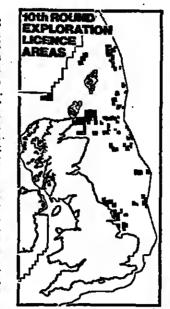
nonneed yesterday by Mr Alick Buchanan-Smith. Energy Minister, panies, many of which are having

oil production from the UK secare in mature areas in the North difficulty in meeting their existing tor of the North Sea fell sharply in

week's speord lows of 59 has overturned the attractions of all exploration in the North Sea.

Mr Boland Shaw, president of Premier Consolidated Oitfields, described the blocks on offer as "a pretty humahrum bunch of acreage."

The sharpest two falls were in the Forties field, operated by BP, where with lighter work commitments than previously. But Mr BuchananSmith emphasised that if compassed that i



Swan Hunter bitter

BY MICHAEL CASSELL AND ANDREW FISHER

SWAN HUNTER, one of Britain's tine, gave an order to Cammell leading warship yards, yesterday Laird on Merseyside early in 1985 criticised the Government over its after its workers had defied militdecision to award it only one of the ant pickets to continue working. three £115m frigates, for which or-ders were announced yesterday by gone to Swan Hunter, which then Mr George Younger, Defence Secre-

Although the contracts were placed as expected, with two going lighter and more advanced. to Yarrow Shipbuilders on the Clyde, Swan Hunter said it was "bitterly disappointed" that it had and conditions, "not just because of received no orders beyood the one a promise."

The sharp response by the Tyneside yard to the £345m worth of frigate orders highlights the frustration of the newly privatised warship yards in the face of the Government's attempts to save money by

That order would otherwise have

terday are for Type 23s, cheaper, Swan Hunter said it won the order because it offered the best price

received an order for only one Type

22 frigate. The orders awarded yes-

it had been promised 18 months • A second US company has entered the bidding to run one of Britain's two aaval dockyards under the Government's plans to introduce commercial management into their

operations next year.

The MoD said yesterday that
Brown and Root (UK), the offshore delaying orders.

The promise of a further frigste order to Swan Hunter was made after the Ministry of Defence (MoD), then headed by Mr Michael Hesel-



ts at 30 June 1986 are estimated at R588 000 (31 March

cours: R.A.D. Wilson (Chairmen), D.J. Crowe*, C.T. Fertion, M.D. Hettson, W.W. Malest ages directors: A.J. Wright, J.E. van Historic

For and on behalf of the board R.A.D. Wilson Directors D.J. Crowe

D.J. Crowe Directors

Birectart D.J. Crosse** (Charman), R.P. Firton*, B.E. Horsov D.J.S.S. R.L. L'Esperance*, Clore S. Menet, D.J. Pednotude***, D.M. Posson*, R.A.D. Wilson Alternate directors: D.A. Blanck, A.J. Brist, R.D. Henson, W.W. Moten "Ansincan "Biross." "Canadian

16 July 1986



16 July 1986

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Constons: P.F. Relief (Charman). R.A.D. Wilson (Deputy Charman).

8.E. Davison Islamaging Director). W.D. Clough, V.G. Bilay, P.J. Cronshipurs, O.J. Crowes,
B. Herson D.M.S. W. Matan, Clive S. Monoll.

Alternate General P.W.J. Cocnetti.

Angloved 6 Mining companies' reports - Quarter ended 30 June	Shareholders requiring copies of these reports	essive figures for the current year to date 0.26, £1,00 = R3,87, piling results. No allowance has been made for a corresponding one reserves.
Holiecesionien Cold Mining Collid	Consolidated Mines, lid	Incoming Cold Mines, Lid Ing. Inc. 1902173804 Issued capital: 16 366 986 chares of R1,00 each
ing to extracts insued capital: 112 000 000 shares of 10 cents each Overtire Courte Financial	No. No. consecute Insued capital: 4 316 676 sheres of 50 cents each	Chierter Duerter Nice months ended ended ended
ended ended year ended 28 Jane 27 Mer. 30 June 1986 1986 1986	Oxarter Oxerter Finencial ended ended year ended 30 June 31 Mar. 30 June	30 June 21 Mar. 20 June 21 Mar. 20 June 1986 198
Gold 773 005 750 000 3 128 005 Gold 750 005 2 2 400,81	Operating results 1986 1986 1986 1986 Ore milled	Vield
Vield	Yeld	Profit
Profit	Costs	Profit
Profit	Costs	Working profits—gold mining
Pulp mened:	Plagacial resetts R000 R000 R000 R000 Working profits gold mining	Column 26 339 872
Financial resides Rose Rose Rose, Working profit - gold mining	Non-reining legame	Interest paid 254 359 1 101 Tributing royality payable
Profit from sales of uraniting earlies, period and surprise and surpri	Stores realisation adjustment 140 - 140 140	Taxostion
1372/4 12720 511 815.	7091 3623 15 964 7 Profit after timeston	Capital expenditure
T29 525 126 536 492 994	Capital expanditure 9708 3835 19133 Districtio 6475 10792	Adjustment on unlisted investments 9 9
Taxastion and Seath's share of profit 57 052 75 131 280 571	16 183 3 835 28 975	152 1488 0739
there of profit	Development Advenced 1475 2333 6910	Damelopment
Appropriation for least repsyments (80) 38 872 Dividends 72 800 - 123 200 109 043 15 440 188 331	Sampling results: hn 416 1.283 2.747 Charmal widdle,	Kimberley reefs Sampled 192 Channel width 193 194 195 194 195 19
Davelopment	Chennel value	Channel value
Sampling results on Vael Rest: Sampled	The total ore reserves at all mines at 30 June 1986, based on a gold price of R24 000 per billogram, are estimated as follows:	Bassal neef Sampled
Chennel velue = gold	Tonnage	Channel value
- granium quida, kg/t 0,45 0,48 0,43	Hedging transactions	Sampled
The total ore reserve at 30 June 1986, based on a gold price of R24 000 per bile- gram, is estimated as follows: Toronge	Revenue derived from the sale of gold takes into eccount the results of hedging transactions. In addition to closing out all forward exchange contracts mantioned in the	Channel value
Value—gold	previous quarterly report, the Company closed out all fully-hedged positions during the quarter.	Sampled
Standard 24,5	Dividend Final dividend No. 72 of 150 cents per share wee declared in June 1986, making a total of 250 cents per share for the financial year.	gr. 995 613 976
in serins of the Company's articles of sesociation, the directors' borrowing powers are limited to P60 000 000. At 30 June borrowings totalied R8 677 000 17395; R12 989 0000 of which long-term borrowings amounted to R6 257 000	Capital expanditure Capita	Financial In terms of the Company's articles of essociation, the directors' borrowing powers are limited to R35 000 000. At 30 June borrowings totalied R5 478 000
(1985; R10 569 000) and shore-term to R2 420 000 (1985; R2 420 000). Hedging transactions Revenue derived from the sale of gold takes into account the results of hedging	Project. Outstanding commitments at 30 June 1986 are estimated at R12 482 000	(1985: R13 702 000) of which long-term borrowings amounted to R5 837 000 11985: R5 706 000) and short-term to R641 000 11985: R7 996 000).
Revenue derived from the sale of gold takes and account the session or morphy transactions. In addition to closing out all forward exchange contracts mentioned in the previous questerly report, the Company closed out all fully-hedged positions	C31 Merch 1986: R11 416 000). For and on behalf of the board R.A.D. Millery	Hedging transactions Revenue derived from the sale of gold takes into account the results of hedging transactions. In addition to closing out all forward exchange contracts mentioned in the
during the querier. Dividend	RAD, Wilson Directors D.J. Crowe	in addition to closing out all forward exchange contracts memorined in the previous quarterly report, the Company closed out all fully-hedged positions during the quarter.
Final dividend No. 61 of 65 cents per share was declared in June 1965, making a total of 110 cents per share for the Enencial year.	(Directors: W.A.D. Wilson (Chairmon), D.J. Chorse ^a , M.D. Henson, E.E. Hersov D.M.S., W.W. Nhibm, Cilve S. Algendi, J.E. was Mining. "British	Capital expenditure Outstanding commitments at 30 June 1986 are estimated at R4392 000 C31 March 1986; R3 155 000).
Capital expenditure Expenditure during the quarter includes R16 152 000 incurred on the additional gold recovery plant. R16 546 000:	16 July 1986	For and on behalf of the board
gold recovery plant. Outstanding commitments at 30 June 1986 are estimated at R15 546 000: (31 March 1986: R6 403 000). For and on behalf of the board	Piedo Coppe Mne (Piy) Lid	D.J. Crowe Directors R.A.D. Wilson
B.E. Hersov Directors D.J. Crowe Discours B.E. Hersov D.M.S. (Cheirmert, B.L. Bernstein Hon. U.D., D.J. Crows*, W.S. Evens, E.P. Gush, B.S. Lau, W.W. Males, Chro.S. Monall, T.J. Petertus	legued capital; 54 900 900 wheres of 50 cents each	Directors: D.J. Crowe *, (Chairman), W.B. Evens, S.E. Hersov D.M.S., L. Hawitz, K.M. Hosking, G. K. Kroff, W.M. Maten, Chee S. Menell, S.W. van der Coff, R.A.D. Wilson Adjuracte directors F.S. Clarke, F.J. Eurisson, F. Taigesto, K.A. West
Alternate directors: J.H.J. Burks, P.J. Exsticos, M.D. Hanson, K.M. Hosting, J.E. von Meiste, R.A.D. Wilson	Ownster Charter Financial anded ended year ended	16 July 1986
	20 June 21 Mer. 20 June 21 Mer. 20 June 296 1986	Consolicied Mulchison Lie
Vilage Main Regi	Concentrates produced Copper	Ing. No. 000-7989 Ing. No. 000
edd Mining Co (1984) Lid	Concentrates despetched	Quarter Quarter Financial ended ended year ended
seued capital: 6 068 446 shares of 12,5 cents each Charter Charter Flamcial ended ended year ended 30 June 31 Mar. 20 June	Zine t 13 047 15 062 61 937 Financial results R000 R000	30 June 31 Mar. 20 June 1986 1986 1986
Operating Passers 1966 (360 (370)	Operating profit	Sales of entimony concentrates less restisation charges
Gold recovered by 125.96 126.88 513.13 17/1eld 97 0.88 0.87 0.67 10.77 10.78 10.88 10.87 10.87 10.88 1	Stores realisation adjustment	Sundry mining income
Revenue	Taxonion d 721 1854 32 079 Profit after taxostion 6 275 1 703 25 935	Working costs 7 628 7 482 29 674 Working profit 2 933 2 697 11 632 Non-mining income 130 141 524
Proportial results . Propo P600 F1000	Capital recoupments	3 063 2 838 12 356 Prospecting expenditure 525 282 1 210
Working profit	Development 16 125 16 168 -31 203	Profit before taxation
Royalties paid	Finencial	Profit after taxation 3 987 1 457 10 721 Capital expanditure 4 250 725 9 449 Profit after taxation 1 248 2 496
Profit after texation	Despatches of zinc concentrates to the Company's sole contractual purchaser were suspended during the March quarter following a dispute which is the subject of arbitration proceedings. During the current quarter, and pending the	Dividends 1248 - 2496 5496 726 11945
Cepital expanditure 1 858 113 2 406 Dividend 607 910 2 465 113 3 316	outcome of the arbitration proceedings, interim sales arrangements were nepotiated.	Financial
Hedging transactions Revenue derived from the sale of gold takes into account the results of bedging	Despite lower despatches during the querter, operating profit increased as a result of higher sales prices and lower average rand values against the U.S. dollar.	The revenue from the sale of antimony concentrates brought to account each quarter is based on actual shipments made, which can vary considerably from
transactions. In addition to closing out all forward exchange contracts mentioned in the previous quarterly report, the Company closed out all fully-hedged positions during the business.	Dividend Final dividend No. 8 of 30 cents per share, in respect of the year ended 30 June	Quarter to quarter. Dividend Final dividend No. 77 of 30 cenus per share was declared in June 1986, payable in
during the quarter. Dividend Final dividend No. 45 of 10 cents per share was declared in June 1985, making a	1986, was declared on 10 July 1985 and is payable on 29 July 1986, making a total of 80 perts for the financial year.	August 1986, making 4 total of 60 cents per share for the financial year. Capital expenditure
Final dividend No. 45 of 10 cents per share was declared in June 1986, making a total of 15 cents per share for the financial year. Capital expenditure	Capital expenditure There were no outstanding commitments at 30 June 1986 (3) March 1986: Nit).	Capital expensione Outstanding commitments at 30 June 1988 are estimated at R188 000 (31 March 1985: R639 000).
Expenditure during the quarter includes R1 402 000 incurred on the purchase of employee housing. Outstanding commissions at 30 buts 1985 are estimated at R568 000 (31 March)	For and on behelf of the board	For and on behell of the board P.F. Rouef Directors

Hugh Carnegy reports on the aftermath of Northern Ireland's "marching season"

Ulster looks to autumn for political watershed

ONE OF the most bizarre sights of a weekend of piping flutes and thundering drums, petrol bombs and plastic bullets, riot police and prowling troops, was that of elderly bowler-hatted Orangemen scuffling the now infamous town of Portadown in Northern Ireland.

It happened on Monday when members of a Protestant lodge were marching to an annual celebration of William of Orange's victory over the Roman Catholic James II at the Battle of the Boyne in 1690. They came under pressure from youths to join an assault on a huge: corrugated-iron barricade erected by security forces to block the path to a Roman Catholic area of the

The reluctance of those senior Orangemen, the very picture of tra-ditional Ulster Protestant respectability in their dark suits and embroidered regalia, to fight alongside masked thugs intent on deing battle with the Royal Ulster Constabulary (RUC) perhaps says something about the effects of the "marching

parameter man over time that opposition to the Anglo-Irish Agreement, which gives Dublin a voice in the artiful and the affairs of the province would are the most parameter of the province would are the most parameter of the province would are the province would are the province would are the parameter of the province would are the province would be a province would are the province would be a province when the province when the province when the province would be a province when the province wh sition to the Anglo-Irish Agree-ment, which gives Dublin a voice in the affairs of the province, would come on to the streets and prove irresistible. Organisations such as the traditionalist Protestant Ulster Clubs and the paramilitary groups

climax over the Twelfth of July is and Mr Paisley is now away on holinow past.

For some months, the summer Man as they are known, most of extremists claimed responsibility ment. There is talk of extreme po-

sension in RUC ranks that many

Anglo-Irish Agreement.

Undeniably, the weekend did bring a wave of brutal sectarian violence and violence against the police that left one Roman Catholic man shot dead another will be much scept like that left one Roman Catholic man shot dead another will be much scept like that left one Roman Catholic sension in RUC ranks that many sight months.

But it is clear that plans are still vague and there will be much scept like of similar, less radical moves to make much impact over the past sight months.

Clubs and the paramilitary groups warned threateningly of stretching the security forces to breaking point, especially in confronting the barring of marches through Roman Catholic enclaves.

Tensions were fuelled in the runge to the July 12 celebration of the Battle of the Boyne by talk of civil war and mass mobilisation of Protestants by the Rev Ian Paisley, leader of the Democratic Unionist Party, He and his lieutenants led a 3,000-strong midnight occupation of Hillsborough Castle, scene of the signing of the Londom-Dublin accord last November, to emphasize their point.

Lice that left one Roman Catholic sension in RUC ranks that grapy sension in RUC ranks tha

their point.

In the event, such a convulsion of furious protest has not happened makin was terrorised by a 60-strong arkin was terrorised by a 60-strong arkin was terrorised by a 60-strong terrorised

Constable, from the inquiry into the killing of six unarmed Catholics by the RUC in 1982.

larly incensed by the Unionist RUC compromise at the weekend, which compromise at the weekend, which, contrary to previous undertakings, allowed a Protestant mesch to proceed through one of Puriadown's two main Roman Catholic streets.

That was just the sort of Protestant friumph the agreement was expected to described as considerable. officials described as considerable

irritation there over the Portadown mined to win the changes it wants in the North, particularly in the judicial system, such as increasing the number of judges in the non-jury "Diniock" courts from one to three; reforms in the use of "supergrass" informers; and changes in the hall system. the bail system

Just as, in the spring, all the talk was of the potential crisis in the summer, so, now, all sides are increasingly looking towards the autumn as the watershed period for

Labour movement sets new goals to cut unemployment

THE TRADES Union Congress 130,000 and 170,000 jobs) and the re-(FUC) yesterday said it would have mainder from reductions in work-to set fresh targets to reduce uneming time.

It also aims to formulate longersagal as the centreplece of its em-ployment strategy published yester-day as part of its annual economic review.

The plan, called the Medium-bottler Term Employment Strategy in response to the Government's "obinancial strategy, is the most deof reducing unemployment by Im within two years of a Labour gov-ernment taking office.

The TUCs 1986 economic review says. "It is an ambitious target after seven years of decline and neglect but it is achievable." Setting sights any lower would mean condemning people to even longer periods of de-privation, further loss of output and nigher spending on unemployment

The TUC accepts, however, that even achieving that target would cut unemployment by about only a third. Accordingly, the review says, further targets will have to he set which will in part depend on the success of meeting the initial Im target but which will eventually aim to reduce unemployment below 1979 levels.

It gives a warning that its objec-tive is not to create jobs at any price: Britain needs to move to ty economy, it says.

The strategy aims to formulate policies likely to bring about a big reduction in unemployment in the next two years, mainly by increas-ing public spending. About 35 per cent of the jobs created would come from public investment, especially in the construction industry.

The TUC estimates a 150,000 reduction in unemployment in a Lafice and 380,000 m the second. Twenty seven per cent would come from public services, 29 per cent from special employment measures (including a new regional employ-ment subsidy creating between

term expansionary policies because it believes that "unless a longerterm view is taken, a fall in unem ployment may not be sustained and bottlenecks in production may

in particular, those policies would include infrastructure investo such as new road and railway buildings, which would start producing jobs after those created in the first two years, mainly through house re-

A further long-term aim is to de-vise ways in which jobs will be created through "new" technology. The TUC embraces the introduct of new technology but says its ben-efits are enhanced and its efficiency greater if it is brought in with the co-operation of employees.

The TUC draws many of its tech nology examples from the US but, at the same time, does not believe the US economy is the model it should adopt. . It says: 'As new technology shifts

bigger share of the economy's production and employment into high-tech industries and services, the underlying economic growth rate will pick up and a wide range of jobs Mr. Norman Willis, TUC general

secretary, said the review's strategy for Britain had to involve all sectors - manufacturing and services, pub-

The Government's economic experiment has failed and the cost of ieffore has been high. Our indus tries have not become more efficient. There has been no productivi ty mitticle. More jobs have been destroyed than created. Britain lags behind in the technology race, he Mr Rödney Bickerstaffe, chair-

man of the TUC economic commit-tee, said that on the Government's policies, there was no hope of an employment recovery. TUC 1986 Economic Review. TUC, Congress House, Great Rus-sell St. London WCIB 3LS, 63.

floor workers have been awarded a

Reluctant unions will accept BR cuts today

BRITISH RAIL is expected to se- Voting by the EETPU electricians ance today of its programme of cuts a turnout of about 71 per cent, 998 and closures in its workshops when members voted against action, with leaders of the engineering unions 209 in favour. voted against industrial action on British Rail Engineering's shop-

Last week, the National Union of Railwaymen (NUR) announced that its members had voted 2-1 against action. Voting figures are expected its members had voted 2-1 against action. Voting figures are expected to show substantial majorities among members of the Confederation of Shipbuilding and Engineering Unions for a similar refusal.

The largest union involved, the april singineering workers, are agreed earlier, includes consolidation of some supplementary pay-

majority similar to that of the NUR. ments.

Liberal leader sees 'inevitable' union with SDP

By Peter Riddett, Political Editor

A FORMAL union between the Liberals and the Social Democratic Party (SDP) is "almost inevitable" before too long, Mr David Steel said yesterday in a speech marking his 10th anniversary as Liberal leader.

A speech to a National Liberal Club luncheon was intended to underline the common interests of the two parties rather than to bring formerger. In particular, it was aimed at some SDP and Liberal activists, and also to some extent Dr David Owen, the SDP leader, who have emphasised the separate identifies of the two parties within the Alli-

.Mr Steel said the Alliance was already far closer and more united. than a coalition of convenience. Stressing his personal preference for formal union before too long, Mr Steel said a decision must depend on the parties.

"In my view it would be wrong to press this view against any sub-stantial minority in either of our parties. We should not embark on formal step, which I trust will lead to union, before the general election - but we should go into the election in the glad expectation that within the next parliament we will define the constitutional shape of our com-mon future."

Mr Steel was careful to reflect the concerns of Dr Owen in saying that he was talking about "union rather than merger, because I would like to retain a proud sense of Liberal and Social Democratic identity within the larger framework and purpose of a united Alli-ance, rather than to obliterate them for the sake of uniformity."

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Consolidated Gold mining companies' reports for the quarter ended 30 June 1986 with comparative figures for the previous quarter The mild throughout decreased by 22 000 tons in relation to the previous this throughout included \$7 000 tons (280 000 tons) from surface soul increase of 177 000 tons from tradeground.

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**						Shu		_
Randfon					No.1	No.2	No.3	Tot
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				Sampled-m	906	309	627	184
Estates				Channel width—cm	180	296	337	25
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				Gold-gt	40	1,8	3.9	1
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(Divided into 6 113 553 shares of R2 each)				ER ABEF		_		
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	Ouarter	ended	ended	Average value;				
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(Lineudited)		91.00.00	200000	-cm-o/t	649	1 094	-	. 66
				Uranium - ku/t	0.10	0,19	_	0,1
Gold .		100		- cm-ligh	10,30	67,07	_	12,4
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Worlding cost-perton milled		· FH47,87		Gold-of		_	_	_
Profit - per ton milled	. R47,08	R34.72	FI51,87	~cm-g/t	··· –	_	_	-
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Kilograms produced	147 162	153 808	634 737	Channel width-on			_	23
				Average value:				
FINANCIAL RESULTS (ROOD)				Gold - g/t	21	_	-	2
(Unaudited)				-cm-g/1		_	_	50
•	455 555		C44 C04	Urantum - kg/t	0.03	_	_	0,0
Revenue from gold	158 536	133 303		- cm lega	1 7,17		_	7,1
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Profit from gold	74 950	56 035	333305	THOUSE DESCRIPTION		COLUMN TOTAL	Acres 6	
Profit from urarium	154	2406	4377 11903					
Netsundry revenue	1176	2409		ORE RESERVE	ES AT 31	MARC	H 19	86 (1
Profit before tax and State's share	76 280	60 852	349 585		Conven		_	Mec
Taxand State's share	10	9 491				ng .		
Profit after tax and State's share		51361	277302	Cooke			-	
Capital expanditure	81 660	37 006		Section	1986	1965	1	1906
Dividends declared	61 135		103 930	Tons 000's	:7318	. 9101	1. 12	761
				Stope width . On	174	168	3	250
Notes:				Value:				
	22 462	21 048	22068	Gold g/t	6,3	7,6		7,1
1.Gold price received: Rand perkg				CIT-g/t	1 096	1277		775
2. Revenue from gold, the reported gold p	price and pri	ofit from ur	anium take	Uranium koft	0,30	0,26		0,25
account of currency forward transactions.		_		CIII-Q/I	52,20	43.65	_	5,00
		Quarte	- anded	The 1965 ore reser	VOS ATO FO	ated to p	my Mil	ts a
DEVELOPMENT	30.06		31.03.66	market price of Ft	22 000 per	r kilogra	m (19	85:
Metres advanced				accumptions as fou	ranium pric	706.		
Cooks No. 1 Shaft		73	3 6 3 1					
Cooks No. 2 Shaft		63	1949	COMPARATIO	e preez	mee.		5 2.5
Cooke No.3 Shalt		40 . 76 ·	2 699	COMPARATIVE	PUESE	1459	M ASS	ws 0
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CALLER INC DECUMEN				Prince	1	Tons	200	4
SAMPLING RESULTS				19000	 +-	1032		+-
The values shown in the following tabulation reaf development. No allowance has been m	is are the ac	print Learning	of swapfing	22 000	- 1	11 07		
rest development. No allowance has been m	nde for any	acijustmenti	which may	25 000	- 1	11 47		1
be necessary when computing ore reserves.							_	_
					_			

Quarter ended 12 months

182 000 162 000 696 000 0,37 0,43 0,42 66 641 70 068 294 796

80 594 15 617 5 278

Quarter ended

399797

19375

	20,79	66,0610	,10 56,54	21,56	71,68 82	08 52,32	The pre-sink has been completed and sinking, which is preceeding according to pian, has reached a depth of 298 metres below aurison.
Sempled—m Channel width—cm		15 352	_ 366 _ 113	396 118	183 243	= . 579 = 157	Doornkop Shelts
Average value; Gold - o/t	6.3	3.1	- 5.9	. 11.0	4.4	- 7.8	
~cm-o/t	649		667		1 000	- 1225	The striking of the No. 1 Vertilation Shaft is progressing according to plan and
Unarrium - kg/t cm-kg/	10,30		- 0,11 - 12,43	21,24	0.18 43,74	- 0,16 - 28,25	has reached a depth of 664 metres (590 metres). The 81 level station exemution is complete. The striking of the No. 1A Verifician Shaft has reached a depth of
ENGL REEF							651 metres (325 metres). 12 months
Sampled-m		· -		194	-	- 42	
Charmel width—con Average value:		· · -	_ :-	194	:	- 1 1 1 Pet	Ord Tribute - interest - interest - interest - interest
Gold-of	_	_		1,9	· <u>-</u>	- 1.9	Netember of Law Hard assets
~cm-g/t		=	_ =	389	_	- 369	:other seets
Livatrikans — leg/t		=	= =	0,07 13,58	=	- 13,58	LONG-TERM LOANS (ROOD)
KIMBERLEY REE				-			Balance stend of period
Sampled-m	483	_	A83	183		- 183	
Channel width - CT	239	_	— 239	224	- .	- 224	
Average value:							CONSUMER LOAN
Gold -g/t		=	- 21	538	. =	- 2.4 - 538	
Urankum – kg/t		=	- 9.03	0.03	=	- 0.03	
- CTO-legy			- 7.17	6.72		- 6,72	. tax effect of losses resulting from exchange differences.
ORE RESERVE	Conven		1966 (Co	olsed		rch 1985) otal	Dividerid No. 102 of 1 000 circls was declined on 28 June 1986, payable to members registered at the close of business on Friday, 6 August 1986, Dividered warrants psycholo on 5 September 1986 will be posted to mombers on 4 September 1986.
Section	1986	1965	1986	1985	1906	-,1985	FORWARD CONTRACTS 1 The company has no open forward contracts at present.
Tons 000's	:7318	9 101	13761		11079	: 6 101	
Stope width . on	174	168	250	_	194	168	COMPANY CENTENARY: Commemorative History
Value:	6,3	74					The larms which make up the core area of the Randforstain Estates rains were purchased in 1888, the year in which the Witwatersand goldfield was
Gold g/t	1095	7,8 1 277	1775	· =	1274	7.6	discovered. One copy of a commemorative history of Randfordoin Estates will be
Uranium koft	0.30	0.26	0.25	. =	0.29	0.26	 meted in August to each shareholder of the company on register on 8 August.
cm-g/t	52,20	43,68	65.00	· -	58.24	43.50	1986, the date of qualification for dividend No. 102. Having no direct access to owners of nominee interests or to holders of bearer scrip, the company cannot
The 1966 ore reser	V20 200 (C)	ated to per	Senits carica	nated on	the basis	of a noid	and to them the courtery of a participation in the distribution.
market price of Ft	22 000 pe	r kilogram	(1985: FI	8 000 p	er kg) ar	certain	* Additional excitor of the book, Readfortain Estates - The First Hundred
aceuriteoris es iou	totalen bar	· OG.					Years, by Anthony Hooking, will be obtainable at a retail price of RSO. Enquiries should be addressed, in South Africa, to
COMPARATIV	E RESE	TVES (at	various gold	prices)			Media House Publications, P.O. Box 782395, Sendion 2146
Gold market price:	-		-		age value		or in the United Kingdom to Steven Apps, SPA Books Limited, Business and Technology Centre,
Piles	ſ	Tons 000	3	Gold ort		num ka/t	Bossemer Drive, Stevenage, Hertfordshire, SG1 2DX
19000		10323		6.9		0.29	
22 000		11 079		6.6		0.29	On behalf of the Board
25 000		11 475	•	6.4		0.29	K.W. MAXWELL Directors

COMPARATIVE RE	SERVES (at various	gold prices)	
icki market price:	-		e vakue
triang	Tons 000 3	Ggld g/t	Unanum kg/t
9000 2000 5000	10323 11 079 11 475	6.6	0.29 0,29 0.29

Quarter ended 30.06.88 Quarter ended 31.03.88

Veriferedorp Contact Reef, Eleburg Messive Reefs and Eleburg Individual Reefs Quarter ended Middle Flahura Reefs 30.05.85 ORE RESERVES AT 31 MARCH 1985 (Comparatives at 31 March 1985) Upper Elsburg Reets 1986 1985 1986 1985 1986 1985 1986 1985

Uraniumkg/r Note: The 1986 ore reserves are related to pay limits calculated on the basis of a gold market price of R22 000 per liflogram (1985: F18 000 per leg) and cartain assumptions regarding the uranium price. In calculating ore reserves, the effect of gold and/or currency hedging transactions have been taken into account. · COMPARATIVE RESERVES (at various gold prices) 7pns 000s Gold Market Price

7,2 7,0 6,9 25000 **GOLD PRODUCTION** The tennage treated from underground was supplemented by 47 000 tens (51 000 tens) from surface sources. No. 2 SUB-VERTICAL SHAFT The shaft deepening is progressing according to plan and will be completed early in 1987.

negotiations with the verious authorities and Gernsboldontein Dolomitic Compartment have, or the State and finel permission to dewater-atering is now in progress. All preparatory measures and negotic perfect holding interests in the Gernsb been completed to the settletection of the was given on 18 June 1986. Dewetering Quarter ended Net expenditure: mining assets 34 682 16945 77 006 other assets 465 (195) (649)

Capital commitments at end of period 21 901 Actual expenditure for the year ended 30 June 1995 exceeds the forecast of R67 million published in September 1985 by some 14%, mainly because the company was able to commence the de-watering programme commence to the commence of the comm LONG-TERM LOANS (ROOO) FORWARD CONTRACTS The company has entered into forward contracts in respect of a significant portion of as gold production in order to stabilise revenue and thereby reduce the company's vulnerability to operating losses. The company has also entered into currency forward dontracts in respect of a corresponding portion of its expected gold revenue. DIVIDEND Ovidend No. 41 of 24 cents per unit of stock was declared on 25 June. 1986, payable to members, registered at the close of business on Friday, 8 August 1986. Dividend warrants payable on 5 September 1986 will be posted to members on 4 September 1986. On behalf of the Board K.W.MAXWELL Directors Elsburg Elaburg Gold Mining Company Umbed issued capital: P30 203 000 DIVIDENDS DECLARED (RO00) Stockholders are advised to study the operating results published by Western Areas Gold Mining Company Limited. On behalf of the Board K.W.MAXWELL Directors

F. J. P. ROUX Directors

WATER CONTROL PROJECT

Copies of these reports are available on request from the offices of: Barnato Brothers Limited 99 Bishopegate, London EC2M SXE, England

DEVELOPMENT

Western Areas

 One milled—tons
 988 000
 959 000
 3 972 000

 Vield—grams per ton
 4,2
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 Tons treated
 182 000

 Yield – kilograms perton
 0,37

 Kilograms produced
 66 641

 Working costs
 88 408

 Profit from gold
 16 113

 Profit from uranium
 5 142

 Note unanium
 3 5 142

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The values shown in the following tabulations are the actual results of sampling reef development. No allowance has been made for any adjustments that may be necessary when computing one reserves.

FINANCIAL RESULTS (R000)

stued capital: FI40 306 950

OPERATING RESULTS

stanbul

A vigorous programme of urban renewal is helping one of the world's oldest cities to win back some of its former glory

Courting the businessman

By David Barchard

TURKEY'S LARGEST city has relative eclipse.

Istanbul contains about an eighth of Turkey'e 51m inhabitants, pays nearly 40 percent of the country's taxes and holds about 60 per cent of its private sector manufacturing industry. But for more than half a century, the city has enjoyed little of its ancient prestige as a commercial centre.

Turkey's shift away from liberal track policies towards an attempt at industrial self-sufficiency from the 1920s led to the snapping of many links between the city and the world economy. The British trading community, for example, mostly departed in 1928 never to reliaved The city's trading The city's trading its wealth—sharply

After the Second World War, far-reaching changes began. Migrants streamed in from the Anatolian hinterland and its population grew by as much as 7 per cent in some years. Numbers have increased roughly six-fold in four decades.

Population growth was fol-lowed, after about five years, by industrialisation. Privete sector industries began to spring up in and around the city and were largely respon-sible for the average annual growth of about 6 per cent in Turkey's gross national product between 1964 and 1971. Some perity began to return.

 $\hat{\xi}:$

an unmanageous Third world megalopolis. Two-fifths of in-habitants lived in gecekondus, or shanty-town cottages. The new arrivals from Anatolia had little knowledge of, or interest in, the traditions of the city.

With no local taxation, the municipality was mainly dependent on central government funds. The city's infrastructure was starved of investment and the quality of life collapsed. The water supply could not keep up with demand and even by the casts 1990s there was by the early 1930s, there was no sewage treatment plant for

no sewage treatment plant for the city.

"The older buildings became warehouses or slums. Much of the city around the Golden Horn was dead when Mayor Bedrettin Dalan took over," says one Turkish urban sociologist. The Golden Horn thelf was seriously pollyted itself was seriously polluted and even the fast flowing waters of the Bosporus had ceased to be clean enough for

swimmers.
Telephones, roads and other utilities all fell short not only of West European standards, but also of those of Ankara, Turkey's capital, which was a smaller and more manageable

The change in the quality of life in the city over the last three years for both Turkr and foreign businessmen has been as sudden as it was mexpected. It was heraided in 1983 by the placeting of Mr. Delecting the property of the page 1985. election of Mr Dalan, till then political unknown.

He astonished the public by

TURKEY'S LARGEST city has embarked on an ambitious programme of development after more than 60 years in relative eclipse.

Istanbul contains about an eighth of Turkey'e 51m in
Turkey'e 51m in
For several decades, howmaking two promises it found to take seriously. He pledged to reverse the pollution the city threatened to emulate in the Golden Horo and make Calcutta, Bombay or Cairo as its weters "as blue as his own an unmanageable Third World eyes;" and that by the end of megalopolis. Two-fifths of inbabitants lived in generodays, longer be short of drinking or shanty-down cottages. The

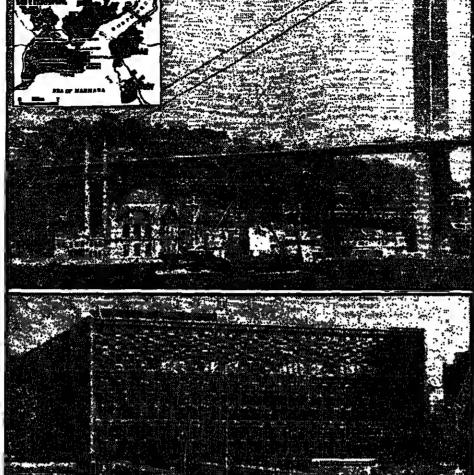
ing these and other promises has turned him into the most popular local politician the country has known.

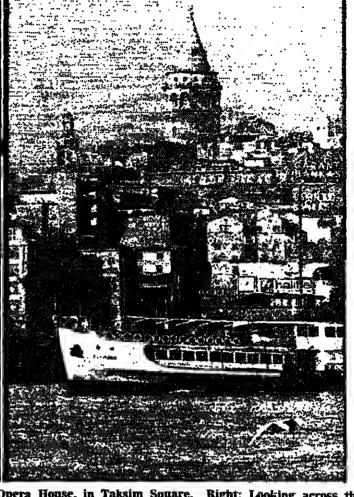
The immediate thrust of Mr Dalan's policies has been to improve conditions for ordinary Turks. He places great emphasis on opening up the seashore and other scenic areas to the public.

"It is rather moving to walk beside the Golden Horn in the evenings and see families enjoying the parks Mr Dalan has created in areas which three years ago were just tumble-down bousing," says the head of one Istanbul multi-national

Mr Dalan's work coincides with the opening up of the Turkish economy to foreign trade and a drive to attract foreign investment, The hope is that Istanbul can transform itself into an international business centre by investing heavily in the neglected infrastructure. It is a bold ambition and would have seemed hopeless than a decade ago.

Six conference centres are being built. There are plans to introduce state-of-the-art communications technology from cellular telephones for cars to telefax in a city where it is still notoriously difficult to get a telephone line in some areas— img a tracing and financial





Upper left: The European Bank of the Bosporus. Lower: the Ataturk Opera House, in Taksim Souare. Right: Looking across the Golden Horn towards the Galata Tower. These and other pictures in this survey by Terry Kirk

"Istanbul is now a more attractive place for the businessmen.
Our chief shortcomings are the limited evailability of good secretaries end of schoels for foreign children."

and where five-star hotels stock centre in the eastern Mediter-only 1983 directories. centre in the eastern Mediter-ranean may take many years.__ only 1983 directories.

"Istanbul's main shortcoming as a business certre is that there is no direct air connection partly from the administrators with Tokyo," Mayor Dalan says.

Mr Dalan's success in transforming the city's image comes partly from the administrators has appointed, such as Mr Atom Damali, the head of the city water authority (ISKI). But it also comes from improved backing from central government under Mr Turgut Ozal.

The city is benefiting from

The city is benefiting from legisletion introduced in the early part of the decade which not only gives municipalities a 6 per cent share of central government revenue but also entitles the three largest cities (Istanbul, Ankara and Izmir) to receive an edditional 2.5 per central government tax

revenues. Of the TL 86,180bn projected revenues for Istanbul this year, TL 55,736m will come from the central government budget and only TL 2,836m from local taxes.

Even so, for its investment programme the municipality is relying both on deficit financing and on international aid from bodies such as the World Bank, which has largely borne the cost of the improvement in the water

We are running a heavy deficit," seys Mr Atanur Oguz, secretary-general of the municipality and Mr Dalan's right-hand man." We are getting into debt, but we are taking care to do so in a way which will not

pose problems for subsequent generations." A foreign businessman adds: A foreign businessman ados;
"Mr Dalan can afford to do
whet be is doing because he
bas the unqualified backing of
the central government."

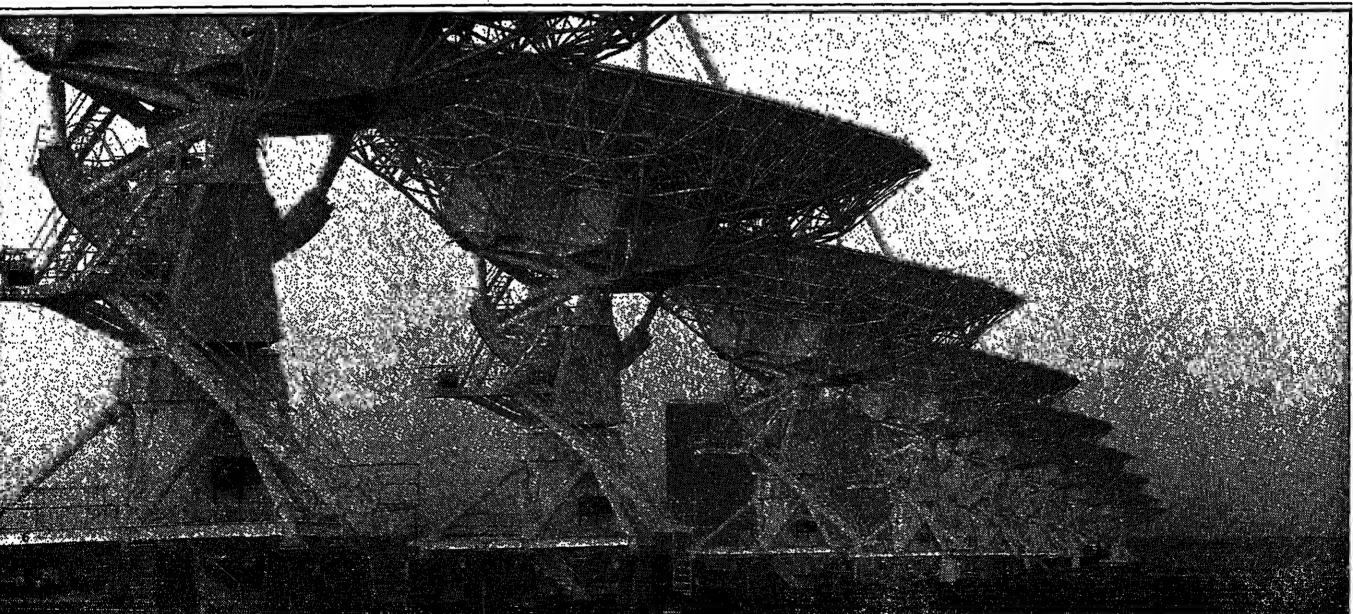
Not everyone is sure whether some additional form of financing, either by new taxation or bonds will not have to be found eventually. The municipality has retained Arthur Andersen,

the international accountancy firm as its advisor to help it keep on an even course. The drive to put the city back, on the international map continues. A subtle publicist, Mr Dalan recently staged an Oxford versus Cambridge boat

race on the Golden Horo. He bopes that Istanbul will be selected as the site for the Olympic Games in 2000 or perbaps 2004.

He has invited the Lord Mayor of London to visit Istanbul and further international contacts are planned.

Though he is sometimes accused of looking more to the Islamic and Arabic world than towards Europe, there is little doubt that Mr Dalan's strategy is closely linked to the deter-mination of the leaders of Turkish industry to see their coun-try e full member of the Euro-pean Community in the near



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TÜRK EKONOMI BANKASI AS.

Banking

The easy times are over

THE NUMBER of foreign there are the standard combanks with operations in Turkey has grown dramatically since 1980, when foreign branches are the representative offices are first allowed, from an initial four to 25 institutions. And while the country's financial market is certainly underdeveloped by European standards, there can be no doubting that for banking, finance, industry and commerce, the economic centre of Turkey is in 18 institutions, either banks or the foreign banks have been headquartered.

There are the standard combiness who are well plugged in to the letanbul five populative remarks: Things are improving, which are booked elsewhere but I can tell you that until five years ago I would get a international capital centres) and then there are the foreign banks balance sheet strategy of growth in Turkey It told me nothing. For all of these reasons the institutions, either banks or companies.

All of the foreign banks face

The story of foreign banking in Turkey is one of phenomenal success for a few institutions which came early, did their homework, injected the minimum US\$6m of capital required and then obtained a return on equity of more than 100 per cent in some cases. The business has been mainly in trade and project finance, corporate lending and foreign exchange and the foreign banks have brought management expertise and an international outlook and network which even the largest Turkish banks have traditionally lacked.

All of the foreign banks face understands the need to find specialty niches in the market. The description is not very advanced in terms of accounting. It is the exception and externally andited balance sheets. The large competitive than ever with sample of any interbank market. The ambiguity of approach the market, now approach the market. The competitive than ever with sample of a market banks best and externally andited balance sheets. The large counting it is embryonic and fragmented foreign banks is Cistbank, the US giant which opened up a representative office in Istanbul back in 1976 with a staff of 40, standard margins, depending on the quality of an institution.

Expecially niches in the market. Which bearking" might be the exception and externally ness has been mainly in trade and project finance, corporate lending and foreign exchange and the foreign banks have brought management expertise and an international outlook and network which even the largest Turkish banks have traditionally lacked.

The cast times bysesser

traditionally lacked.

The easy times, however, appear to be over, with margins slimming as more foreign institutions arrive in Istanbul. Foreign bankers now talk of challenges, of problems in obtaining foreign exchange, of the difficulty experienced in funding themselves instead.

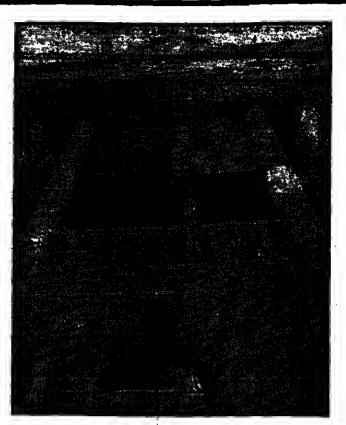
This is not the case for all

All of the foreign banks face in Turkey, an irony for foreign banks whose strength might be expected to be the provision of foreign currency funds for trade

Information on the quality of loan risks is hard to come by and while it would undoubtedly and while it would undoubtedly opened as a branch on Jamary offend Turkish businessmen to 1 of this year, has a more be told that much lending is modest presence, although it done, as in the Middle East, on the basis of "names," this Jeremy Varcoe, former coundoes appear to be the case, sellor at the British Embassy

authorised until 1980. Citibank was ready when liberalisation began and today has four branches — Istanbal, Izmir, Ankara and Mersin. By 1982 Citibank had achieved a 29 per cent return on equity. In 1983 the return jumped to 74.5 per cent and as of last year it was still a lucrative 55 per cent.

Standard Chartered which Standard Chartered, which



Istanbul Stock Exchange

in Ankara. As the only UK bank with an Istanbul branch there with an Istanbul branch there should be scope for growth, but the should be scope for growth, but Mr Varcoe points out that the market is becoming increasingly tough and cites in particular the foreign exchange shortage resulting from requirements that 15 per cent of foreign currency holdings must be alseed with the central hank. placed with the central bank. He also mentions the difficulties faced in interbank funding, but like other foreign bankers life Varcoe believes that the Turkish economy could nonetheless pro-vide wider opportunities in

The most unusual approach to the Turkish banking scene is to be found in the joint ventures between foreigners and local companies. American Express, which opened its branch in Istanbul in 1981 and proceeded to become the most profitable bank around, with a 123 per cent return on equity in 1983 (and 117 per cent last war), sold out 51 per cent of th 1965 (and 117 per cent inst year), sold out 51 per cent of its bank a dew months 4go to Koo, Turkey's biggest industrial and financial holding group.

The newly renamed Koo-American bank is in part a American bank is in part a result of America apparent unwillingness to inject fresh capital into Istanbul, but equally a function of its strategic decision that by combining with Koo it could expand its branch net-

work. Koo-American, like the other recent joint venture between Chemical Bank, Mitsui between Chemical Bank, Mitsui Bank and the Enka group (Turkey's third largest holding group), is treated like a Turkish institution, which means access to a potentially wider deposit base, easier funding, more business contacts and room for growth. A third such example is Irving Trust of New York, which recently bought 40 percent of the Izmir-based Tutumbank Likewise, Banque Nationale de Paris has a venture with the Savanci group, second only after Koo among Turkey's holding group dynasties.

With ever-tightening margins

With ever-tightening margins these joint ventures (always contracted with foreign bank management) might just be the management improach to a market where things are not necessarily as they appear. The potential for growth in the Turkish economy, assuming continued eco-nomic liberalisation by the Oral government and political stability, is clear. The winners among foreign banks, however, will be those who do more than merely fasten a nameplate to their from door and open for business. Withe banking in Tur-key means contacts, fictibility and not a little contacts. key means contacts, fier and not a little courage.

Alan Friedman

Utilities

Cleaning up on seven hills

IF ISTANEUL is to resilies its ambition of becoming an antennational business centre them much will depend upon marious fleeterim palar's first-reaching five-year plan for improving the city's infrastructure.

If Dain, who has hired as a his top city administrators a bridge of private sector accounties, has embarked upon a plan to reduces decicences in water supply, sewage control, checking and more.

If Dain, who has hired as a bistree a flay is findequate for six million people.

If Dain is to private the city search decicences in water supply, sewage control, checking and more.

If Dain is the control is a contract in the case and more are supply, sewage control, checking and more.

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American-trained engineer who is general director of lak, the latenth water and sewage authority. Dr Damail says he says.

Wester and sewage are not the says and so garden are a plant to particularly. Dr Damail says he the says and so garden are a plant to particularly. Dr Damail says he the says and sewage treatment plant and the result is that both the Booporus. The sewage treatment plant and the feeling and the Golden Horn, which divides the European parts of the city, have been deluged with industrial waste. A US486m and divides the European parts of the city, have been deluged with industrial waste. A US486m and divides the European parts of the weaking in this area. Noting in this area. Noting in this area. Noting out endors with companies and not a sewage has simply and formed to remedy the situation.

Because Istanbad is a city of a seven halls, sewage has simply run down to the stores of the Booporus. A kay programme, in the seven halls, sewage has simply run down to the stores of the Booporus. A kay programme, but admits; "It is the most to the sea and place it industrial waste part of Istanbul's miles flows in the situation."

At present in Istanbul's miles to the shore with well and in the CIT and saturation wastes approached to be sead of the creek that the sore of the seas and the companies in the sore of the seas and place it industrial manager of the Sheratha Istanbul's miles the clean in the contract of the store of the seas and place it industrial wastes are of sunday with a great public follows. At present in Istanbul's miles the clean in the situation of the season of the streets of the shore which will be a city of a sewage before it flows to the seas and place it industrial wastes and season the cares, as a sewage treatment plants.

At present in Istanbul's miles the clean in the season to be season to build says the simulation.

At present in Istanbul's miles the clean in the says the says the say



The foreign exchange dealing room of the Is Bank, in Islanbul

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Archæology

Historians still get surprises

ISTANBUL'S PAST stretches justify the expense."

back for nearly 2,800 years, and for about 1,650 of those it has been one of the world's great light century collection which imperial cities, comparable outsines its better-known perhaps only with Peking in size and importance.

It remained a great metropolis in the Dark Ages and Middle Ages when Rome, Athens, Paris, and London were relative backwaters. As late as 1700 it probably had a far larger population than London. Coexisting with an imperial lack of a direct link with the past indicated in Ottoman fountains and classical capitals is a major challenge for a booming business city. Many archaeologists are worried about how much of Istanbul's preserve archaeological remains. Though the building is situated in each century. Almost every major development in the old city stumbles on Roman or Palace, it built an annexe without taking soundings.

When archaeologists, notably the late Neeth Firatic protested.

instance, mechanical excavators on building sites have turned up a marbla pavement from the Bucoleon palace; the Byzantine monastery of St George Manganes; Ottoman Beletashi free-coes from the 17th century; cisterns and at least one hoard of gold coins from the 11th century.

wall and road can be found on almost any site. For historians, it is vital that they be recorded and photographed before the

and photographed before the buildozers clear them.
Turkey's Department of Antiquities, under Dr Nurettin Yardimci, is struggling to cope with a situation which would stretch the archaeological resources of any West European

country to breaking point. "Time is always precious on development sites," says one Istanbul archaelogist. "Com-panies are often alarmed if they discovar something which might

held up the work.
"The archaeological authorities tend to learn about things only through tip-offs, and there is no real rescue team. They rush to a site but sometimes by the time they get there, the walls they were told about have

what they really need is funds, laboratories, and equipment such as jeeps. More generally there is need for documentation to record and interrelate discoveries. But these facilities barely exist. The discoveries that would be made would undoubtedly

Surprise to historians.

In the past few years for instance, mechanical excavators on building sites have turned up a marbla pavement from the Bucoleon palace; the Byzantine Street were disparatory of St George Man-

"It was a window straight into the Late Antique and early Byzantine city," says one archaeologist. But the erchitect and the then director of the museum overruled protests from Professor Firatli and the bulldozers were moved in. The remains vanished.

The main infrastructural pro-The main infrastructural projects now being planned are necessary for Istanbul's future, but archaeologists are worried that some of its past giories will be destroyed without coming to light. Foundations for high buildings tend to go through all the historical layers. An underground railway system will inevitably be huilt some day, and feasibility studies for a rail tube under the Bosporus are well advanced. There is also concern about There is also concern about plans to build a botel on the area formerly occupled by the Roman Great Palace.

Istanbul offers abundant evidence of its rich past with evidence of its rich past with
40 Byzantine churches, several
hundred Ottoman mosques, the
great palaces of Topkapi and
librahim Pasa, and countless
Ottoman fountains, tombs,
libraries, and houses. It is these
which have given the city its
enchantment for travellers
over the centuries.

David Barchard

'Water's up, so is service'

already clean up the Golden Hern is now pledged to realistic freemarket policies, says David Barchard in this prefile of the Mayor.

Paris in the last ceotry.

ISTANBUL'S 44-year-old mayor Mr Bedrettin Dalan, is a popular man. The polls show that he has almost 90 per cent of the city's population behind him, regardless of party.

The controversial politi-

cal leader who has

He has been described as Robin Hood and as Superman (the latter by Turkey's leading anti-establishment magazine which seldom has e kind word for officialdom). It is a popularity almost unparalleled in Turkish history - and which bodes well for the Motherland Party in Turkey's largest electoral constituency.

largely to be explained in terms of the improvement in the "Istanbullus" in the last three years. For most of the last half century, as waves of immigrants from rural Anatolia crowded into the metropolis, investment in infrastructure and utilities failed to keep pace with demand.

the age of eight he was sent to the fields.

He went to Istanbul only when be enrolled in the city's three largest cities that country's three largest cities that the metropolis, investment in infrastructure and utilities failed to keep pace with demand.

social democrat victory, But as he points out, it was the Motherland Party's decision to have elected mayors in the country's three largest cities that brought him to his present office. The military had introduced legislation which would there is of being swindled by a tarket than elected posts.

there is of being swindled by
e taxi-driver.

A carear in the private
sector covered engineering,
textiles, and foreign trade. He
was one of the earliest advocates of the economic retorms
In 1980 of the present Prime
Minister, Mr Turgut Ozal, even
though Mr Dalan lost a substantial sum as a result.

Though not previously

rather than elected posts.

He spent his first two weeks
in office watching how the
municipality worked and then
replaced all the holders of key
posts with businessmen.

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He spent his first two worked
municipality worked and then
replaced all the holders of key Now, armed with financial resources which none of his predecessors possessed. Mr Dalan is presiding over a period of urban renewal, comparable to those which laid the foundations of modern London or Paris in the last contra

Like most of his voters. Mr
Dalan is an immigrant from
Anatolia. His father came
from Bayburt in eastern Turkey, and worked in the state
railways. He was born in
Eskisehir in western Anatolia
and grew up at Germandik
near Izmir. He was a scholarship boy who is still fond of
recounting stories of how at



Mayor Bedrettin Dalan . . . No wish to go to Ankara.

most conspicuous echievements
notably cleaning up the
Golden Horn and creating a
park around its once squalid
though be edmits that the litigashores — seem aimed at benefiting Istanbul's bumblest citizens. A similar project for the Bosporus brought him into direct conflict with Istanbul's millionaires.

illionaires. among the casualtles of his "We need this sort of man, improvement schemes.

Conservation

Racing against a concrete tide

"OUR JOB is like rescuing the somewhat controversial things from e burning house," figure of the head of Turkey's says one of the Istanbul municipality's tiny team entrusted with conserving and restoring the city's old huild-statutory fee of DM 60 per car imported into Turkey by Turkey here.

ings.
At the beginning of this At the beginning of this century, Istanbul's Roman city walls stood virtually intact. Inside them were wooden bouses going back in some cases bundreds of years. Since then immigration from Anatolia and the industrialisation of the city have engulfed them in a bleak tide of anonymous concrete blocks.

The municipality is concen-The municipality is concentrating its sights on a few key areas. These include 10 bectares around the Zeyrek Mosque, once the Byzantine triple church of Christ the Pantherator, built by the Emperer John II Comnenus in the first haif of the 12th century and standing on the brow of the fourth hill of the city.

Others are 45 bectares around the great 16th century mosque of the Sleymaniye; and a further 30 bectares along the remains of the 5th century city

valls.
The project is not advancing The project is not advancing fast. It was originally to have been carried out with Unesco, but though technical advice and equipment has been forth-toming from the international agency, the Turkish authorities have been unable to put up the three-quarters of funds beeded. Turkish academics and architecture of the service of the servic three-quarters of funds beeded.

So we are stuck," says a
municipal official. A team of
four specialists is at work drawing plans to restore houses and
streets to their nriginal condi-

However most of the houses However most of the houses in the target areas are privately owned. The municipality is not allowed to spend money restoring property which does not belong to it, therefore expropriation is necessary. But this is usually possible only after funds have been raised and, in many cases, legal battles have been fought with reluctant owners.

reluctant owners.

The municipality is not the only organisation involved in conservation and restoration. There are laboratories in the city ettached to the Department of Antiquities, but they are hampered by lack of funds and personnel. The Istanbul Archaeological Museum, for instance, has a team of six restorers and three conservationists, but for two years these bave been assigned to work covering the whole of Tuckey.

The city's best-known and of Antiquities, but they are hampered by lack of funds and personnel. The Istanbul Archaeological Museum, for instance, has a team of six restorers and three conserva-

Turkey.
The city's best-known and most admired restorer is thus

statutory fee of DM 60 per car imported into Turkey by Turks returning from Europe to build up an action fund for restoring old huildings. Eschewing the services of architects, and work-ing extremely economically. Mr Gülersoy has developed a striking personal approach aimed at re-creating old Istanbul.

Projects range from the Malta Pavilion, an imperial villa in a park above the Bosphorus (converted into a cheerfully painted tea-house) to the "Green Mansion Hotel," a restored late 19th century peasion under the shadow of tha Sultan Ahmet Mosque and St Sophia, and a new "Library of Istanbui" under the walls of the Sublime Porte.

There are also wooden houses restored as smaller pensions, tea-houses, and hotels in several parts of the city. Perhaps the most splendid of Mr Gulersoy's re-creations is the Sammer Palace of the Egyptian Khedives on a wooded hilltop on the Anatolian side of the Resphores an arr pomean

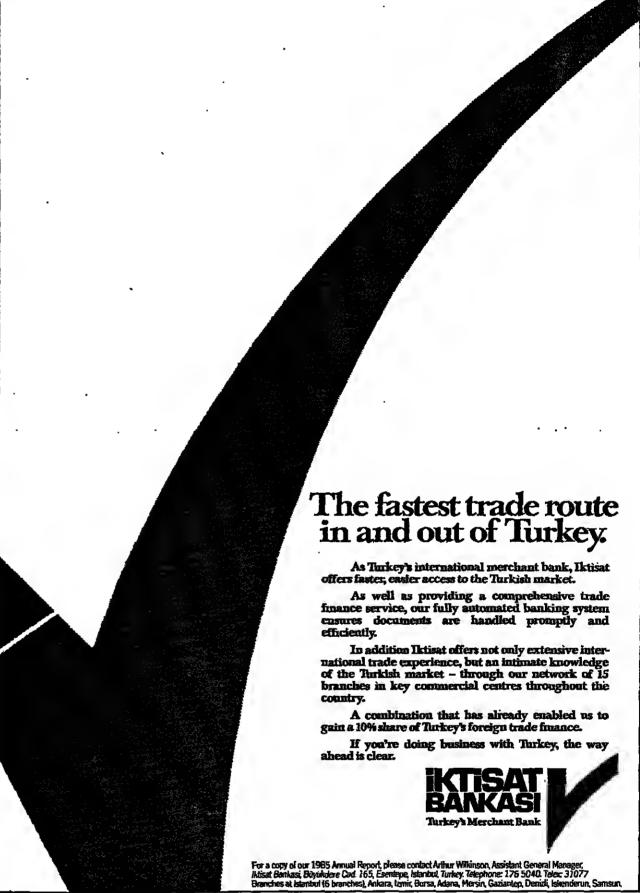
vects.
No one denies, however, that the buildings concerned have been rescued from dereliction by Mr Gulersoy and made available to the Istanbul public, which flocks to them. The effect

is always pleasurable.

"To sit on a hot day in summer in the 19th century garden of the Green Massion hotal and drink a gin and tonic after work is the nearest thing I know to beaven on this earth, says one Western diplomat. Mr Gülersoy says: "I saw and lived in Old Istanbul and I want future generations to know what it was like. The others

are mostly people who don't know the nld Turkey." He is bitter about some of the demolition work which has accompanied the improvement

David Barchard



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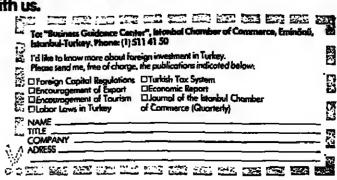
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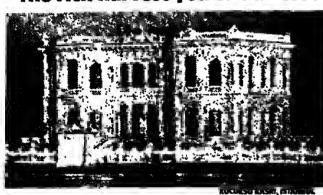








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Expatriates

Househunting by word of mouth

great cities, a constant visual feast. The difficulties which

Life in Istanbul poses no major problems for the widely-travelled expetriate who is likely to be impressed by the degree to which it is (and always has been) a great European metropolis. But for those families who have not previously worked outside the advanced industrial economies vanced industrial economies

Looking for accommodation example, can be extremely time-consuming and frustrating. There is no real estate market to speak of, no sheets of par-ticulars or organised agents. Word of mouth or the services of one of the better agencies

There are some interesting and agractive new developments along condominium lines with shared tennis courts and swimming pools—a Godsend in the hot and humid Istanbul summer. Well-to-do Turks tend to live

Istanbul now boasts two

Chinese restaurants (both up-market) and there are periodic experiments to supply other cuisines, but for the most part restaurants atternate between Turkish and international culin-ary styles. Anatolian Turkish cuisine tends to be based on

endsine tends to be based on lamb (hence the world famous shish kehab) but on the coast, Turkish tastes shift emphatic-

The Hiller, Sherston and Etap, the city's largest hotels all offer reliable restaurants and

ISTANBUL is one of the world's on the Anatolian side of the great cities, a constant visual Bosphorus, but most foreign feast. The difficulties which business families prefer living

when house himing, look at districts like Arnavutköy, Bebek, Emirgan, Etiler, Ortaköy, Tarabya, Ulus and Yeniköy. Less wsil-to-de foreigners live at Cihangir near Taksim Square, where remits are much lower.

Developers are now building they get a work permit.

houses and flats in line with international standards for the foreign busines; community they get a work permit.

What to bring: You don't have to bring everything from home. Richen equipment is the structure many developments and appropriate the structure many developments. reasonably priced. Fashious for women are attractive but a good supply of your favourite shoes, patent remedies and

Fine dishes from farm

traditional style. But you may prefer to seak these out in their original habitat in small back

Businessmen congregate in a

few well-known hinch places.
One of these is Park Sandan
in Min Kensal Oke Caddesi no
18, (tel: 140 83 68), offering
Turkish and French dishes to a.
lively and smart clientels. Book-

feast. The difficulties which existed only six or seven years on the European side, up the ago have receded into the past. Most foreign families setting up in Istanbul today fall in love with the city and heartly enjoy their time there.

Life in Istanbul poses no major problems for the widely travelled expatriate who is tively cheap.
When house hunting, look at

Moving in: Extricating house-hold goods from the Customs is a wearisome business, as indeed when you first arrive, for are most such contacts with example, can be extremely time officialdom. Use a middleman. Your company would be welladvised to engage the services of a broker or agent to burry things along. Expatriate busi-nessmen enjoy customs exemption on import duty on personal effects they bring into Turkey

Eating out

essentials from the grocery.

Basic shopping in Istanbul is
easy. Residential areas have
their own groceries, butchers,
chemists, greengrocers, and drycleaners, as well as electricians and cake shops.
When you want to branch out,

whose job it is to remove your rubbish and buy you daily

take a taxi to the two main downtown shopping centres at Istikal Caddesi or Osmanbey/ Nisantasi. Here you will find dress shops, beckshops, opti-cians, haberdashers and fabric

The Four Seasons, Istiklal Caddesi No. 509, just across from the Tinel or subway en-

mixture of Turkish and French dishes at moderately expensive prices, served in a pleasant ambience with good cooking and

and household line shops. Degartment stores do not really
exist. Track down your needs
by asking around.
Neighbours are thus crucial to
one's succes in Istanbul. You
will find your Turkish neighbours hospitable and always
willing to offer advice. Wives
willing to offer advice. Wives
can expand their circle by tolating the International Women.

alightly modified Histopean climate with Shoutponen clistanbul. Check that any home
pround water tank or "depo." to
mate with Shoutponen clistanbul. Check that any home
pround wate When you have moved into and household line shops. De-your new home you will meet partment stores do not really one of Turkey's major institu-tions—the "kapici" or jankor by asking around. Neighbours are thus crucial to one's succes in Istanbul. You will find your Turkish neigh-bours hospitable and always willing to offer advice. Wives can expand their circle by Joh-ing the International Women of Istanbul Club. There is also a British Community Council,

the British Consulate Club, and the Istanbul Turko-British Association. Most other western countries have their counterparts to these organisations. Health is not a special prob-lem in Istanbul. The city bas a

DINING out is an Istanbul custom stretching back to Roman international rather than Turtimes, and probably earlier. Isish in figurar and are expensive and probably earlier. It is in figurar and are expensive and probably earlier. It is in figurar and are expensive and probably earlier. It is in figurar and are expensive and formulated around the city guaranteed dinner tables crowded with excellent dishes.

Istanbul now boasts two parts and probably earlier. It is some parts of the set and probably earlier. It is some parts of the set and probably expensive end of the market.

The Swisz Pais (Cumhuriyet Caddesi No. 14, Elmadag). With Istanbul's restaurant is Abdullable a Swisz restaurant upstains, worth patronising simply for its this establishment is close to view—has a roof-top restaurant the Eliton and offers good. Situated in a garden on a hill though international international international international international rather than Turtish dishes of the loss known of Caddesi No. 14, Elmadag). With Istanbul's restaurants is Abdullable a Swisz restaurant upstains, worth patronising simply for its this establishment is close to view—has a roof-top restaurant the Eliton and offers good. Situated in a garden on a hill international rather than Turtish dishes of the loss known as Revant which offers good.

excellent Turkish rood at fairly high prices. Closed Tuesdays. Booking advisable.

Liman (tel. 144 10 33) also offers very good cooking to the upper end of the market. Booking advised. The Bebek Restaurant is a

in Mhn Remai Oke Caddesi no

18, (tel: 140 83 68), offering
Turkish and French dishes to a
lively and smart clientels. Booking it essential
Arguably the most popular
top-class Istanbul restaurant is
Elya's in Min Kemal Oke
Caddesi No 21. Nisantas, (tel: 1955, by the then Prime
Istanbul good at this crowded
restaurant where you must
reserve a place. Nearby in
Broox Sokak, Macka, advertisers,
publishers and journalists tend
to congregate at the Cafe Zimil
Food is good and booking also
advisable.

There restaurants which are
less along the lines of convenfional Turkish cuisine are:

The Rejeas. Upstairs in an
allayway off the Intikial Caddest

The recommended to
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the same system of payment
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the house jit is one of
the best Restaurant is a
favourite haund of businessanen
in the evening and the bar in
the house jit is one of
Istanbul's best known gathering
places.

Tarabya is one of the best
how his restaurants in Istanbul. Nearby is the Filix, also
to be recommended and reasonably priced.

There are lots of cheap fish
meet) are both served impeccably anid an Ottoman setting
to congregate at the Cafe Zimil.

Food is good and booking also
advisable.

There restaurants which are
less along the lines of convenfional Turkish cuisine are:

The Rejeas. Upstairs in an
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in the businesanen In the status and the conventional Turkish cuisine are:

The Rejens. Upstairs in an alleyway off the Istiklal Caddesi at Galatasaray, the Rejans was Istanbul's most famous restaurant in the 1930s when it was run by a group of White Russian bady emigres. The White Russians have gone and the Caring Russian cuisine is now overlaid by Turkish, but the piroshhi and the home-mado "yallow vodta" are still authentic, as is the atmosphere of faded glory, which makes it the cheapest. Everyone tends one of the few surviving points to have their own favouritea, can in Sariyer is another excellent fish restaurant.

excellent fish restaurant:

Finally if you want to walk around and discover your own restaurant try the Kumkapi district of the old city, where the streets are trammed with small fish restaurants catering mainly for the local population, and carrying on a septimenous and carrying on a gastronomic tradition which goes back to the heyday of the Ottoman

David Barchard

Lifestyle

Wealth, squalor, prayer

vast contradictions, then Istan-bul can be considered the embediment of many of the most visible cultural and social dichotomies. Istanbul is sectial elegatomies, istanbal as a city of great artistic and religious heritage, of enor-mons wealth, of old and new money, and also of terrible arban squaler and backward-

While foreign bankers and the wives of leading Turkish industrialists can be found innehing daintily at the city's rantionable Samdan restau-rant, wisened old bearded men prestrate themselves before Allah at the city's many mosques as the minarets sound the call to prayer five times daily.

And while the rising genera-tion of industrialists threw incredibly lavish parties for hundreds of guests, taking ever the ballrooms of the Hilton and Sheraton hetels, unshaven peasants in sandals hover by the side of the city's ring roads slitting the threats of sheep with pen knives.

It is a long way indeed from the city's shanty towns — where newly arrived peasants where news arrived peasants from Anatolia prepare for lives of taxi-driving, scroung-ing and earning wages of £46 a month—to the beautifully and expensively res-tored 19th century wooden

Bosnerus. The physical and demo-graphic structure of Islanbul is undergoing rapid changes. Neighbourhoods which were once chic are now dereliet and new boroughs are becoming

and a single-state and a complete control of the control of the state of the complete control of the control of

as gentrified as Lenden's Islington or New Yerk's Greenwich Village. "I have changed my address

Greenwich Village.

"I have changed my address book every six menths for the past five years," says one of the city's leading socialites. "It is as though the whole city is meving,"

Older families, whose wealth came from the late Ottoman era, are now finding difficulties in keeping up the villas and in entertaining "property." Newer industrialists importers and financiers take up space in the society columns these days with dinners for 600 guests to celebrate weddings, engagements and even circumcisions.

Gene hre the old tea houses such as Le Bon and Markix where the literary set academics eld Jewish, Greek, and other ethnic families would congregate. The newly presperous tend to move "up the Bosporus" and out of the city centre, where yacht hasing basins have replaced fishing inlets and where the one or two hour commute to work is compensated for by the peace compensated for by the peace and quiet north of Istanbul. Places such as Bebek, north

along the Besperus, were once filled with summer houses. These lovely old houses are now year-round dwellings. Gone is the era of families

such as the Nemlis, whose tobacco fortune was leger ary. "If you were invited to the Nemit's house, the spien-dour was unimaginable and Madame Nemit was an exquisite white Russian." recalls a member of Istanbul's society, conjuring visions of 1940s extravagance.

revolves round lavish dinner parties, the essential "big" summer and winter balls and summer and winter balls and a summer rush from Istanbul down to Bodrom, on the south western coast of Turkey, where yachts set off for the "blue journey" to Lycia. Modern successful businessmen from Istanbul fack to Bodrom and Kas as though these lovely harbours were Cap d'Antibes 50 years ago.

The younger generation of upper middle class Istanbul families are westernised in the extreme—there is little the extreme—there is little which tradition appears to offer them. At the age of 20 they are in American or European schools, skiing at St Moritz and speaking several languages. At the 20 the new generation drives fast ears, wears Armani and Vartace, travels frequently to London and New York and is probably experiencing a first or ably experiencing a first or second divorce.

Wives of managers tend to overdress, spend a great deal of time organising charity functions and get photo-graphed by a growing band of Istanbul paparani. The opera and ballet in Istanbul are not exceptional, so parties constitute the main activity. Meanwhile, for the ses of this bustling city, the concerns are more mun-dane: trying to get work, hoping for a steady supply of petable drinking water and eccasionally buying a packet of American cigarettes.

Alan Friedman



The new mosque at Eminonu, and the Galata Bridge across the Golden Horn

worst—though its does not bear comparison with the annly skies of Abbara in winter. Bottled water is usually drunk in preference to tap water, and milk is safe. There are also reliable local springs where you can fill up a jerry-can. Doctors speak English at the American Admiral Bristol Hos-

pital where it is advisable to register. There are plenty of Children can go to any one of a number of nursery schools, some English speaking. Thereafter (6-18 years) there is the International Community School of Istanbul, offering what is basically an American educa-

Uffice are improving steadily but you will died that there are periodic brief power cuts. So s bottled gas cooker is more practical than a more thermostatically will be the cooker in the cooker in the cooker in the cooker is more practical than a more thermostatically will be cooker in the cooke tical than a more theymostatically reliable electric oven. There are local models combining the two. Electricity bills come via the postman, with no envelope and it is wise to find and settle them promptly—in cash over the counter. Send your kapici. Telephones are pretty good but the same system of payment the same system of payment soplies and deadlines on monthly bills are enforced rigidly Bottled was a delivered

grocers and butchers and fish-mongers. Turkey is one of the world's great food-producing countries. But it is perfectly possible to eat ou enjoying a family three course meal with wine for \$5 per head with a view of the Bosporus and with attentive charming service.

As for buying supplies, Turkish food, has the matchless morit of being both natural and absolutely fresh. There are canned foods but virtually no processed or frozen foods available and vegetables and fruit tend to be seasonal — though Turker's varied geography means that seasons tend to start early and finish late.

Pineapple is the only fruit, from a great variety, to be imported. Succulent cherries, strawberries, raspberries, huge and delicious artichoke hearts, and many others are all sold on the streets for a fraction of the UK price. A lazy housewife can also call on delicious local cakes, pies and pastries — to be washed down at dinner parties with highly acceptable local wines, liqueurs, vodka and of course raki, the national drinks. With all these things available, life tends to be pleasantly bucolic.

Language: It is no use pretend-ing that Turkish is an easy language, but a little knowledge goes a long way. Janitors and shopkeepers somewhow manage to build friendships across the language barrier. But most of your Turkish friends will speak English almost as well as you

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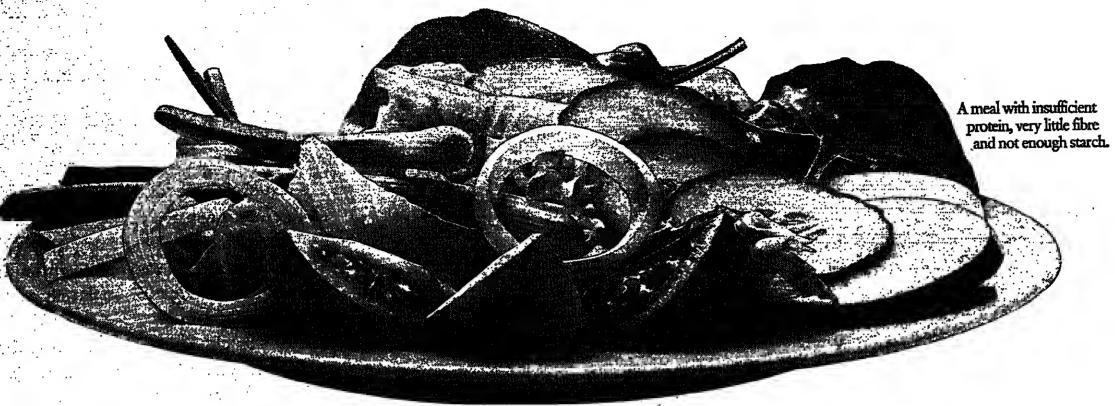
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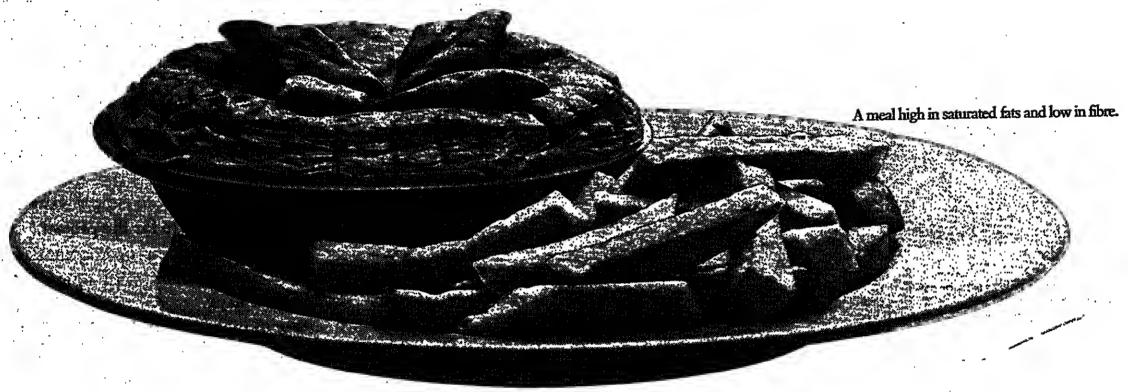
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De Havilland

A helping hand from Boeing

Bernard Simon examines the Canadian aircraft group's revived fortunes

ing its house magazine again last April after a break of almost four years.

The common thread running through these improvements in DHC's emergence earlier this year from more than a decade of State ownersblp. As one of the first stepa in its privatisation programme, the federal government in Ottawa sold DHC last January to Boeing, the world's biguest aircraft manufacturer, the purchase price being C390m in cash and notes with a face value of C355m.

For Boeing, the benefit of the link with De Havilland is a

LIRE ONE of its rugged aircraft bursting into sunshine from a dark cloud. De Havilland Alrcraft of Canada has subsidiary: "They were labour affairs. Boggs recalls than we thought they might be. We found a lot of work to do." Sundenly found itself climbing out of a decade of heavy nurbulence.

Though still losing money, the Toronto-based company's horizons have begun to broaden in almost every direction, orders for its commuter aircraft have picked up dramatically, and a new model is en the drawing board. A C325m investment programme was approved recently, with more to come. De Havilland (DHC) even began publishing its house magazine again last April after a break of almost four years.

The common thread running of a sunshing into sunshing into sunshing into sunshing into sunshing into sunshine in greater need of nur attention labour affairs. Boggs recalls that whele he returned to De Havilton we thought they might be. We found a lot of work to do."

It what net moved with the times as much as it should be in literation to labour affairs. Boggs recalls that whele he returned to De Havilton to do."

It alour affairs. Boggs recalls that whele he returned to De Havilton to do."

It alour affairs. Boggs recalls that whele he returned to De Havilton to do."

It alour affairs. Boggs recalls that whele he returned to De the whele he returned to De the times as much as it should be in literation to a stretched version of the literation to the times as much as it should be avered to be a stretched version of the literation of the lateration of a stretched version of the literation of the lateration of a stretched version of the literation of the lateration of a stretched version of the literation of the literation of the lateration of the lateration of the lateration of the lateration of the lateratio of government ownership, has been replaced. And financial and production reporting stan-dards have been tightened.

Privatisation

"They really want us to get on with the job and to tell them on with the job and to tell them what's going on," says William Boggs, DHC's president Boggs, aged 67, headed the company from 1965 to 1970 and was brought back 18 months ago when a new Conservative governance.

aerospace industry, it needed to keep up with increasingly stiff competition from other com-muter alreraft makers in the US, Britain, the Netherlands, Sweden and Brazil.

DHC's products, such as the Dash 7 short-takeoff-and-landing commuter aircraft and the aturdy Twin Otter, were widely respected. Development began in the early 1980s of the Dash 8, a smaller but faster version of the Dash 7.

But the sharm downture in

with a face value of C856m.
For Boeing, the benefit of the link with De Havilland is a wider product range. Although the Sestile-based company is the world's leading manulacturer of jet aircraft, it has up to now had nothing to nfer the fast-growing commuter airlines carrying passengers from smaller centres to hig city airports.

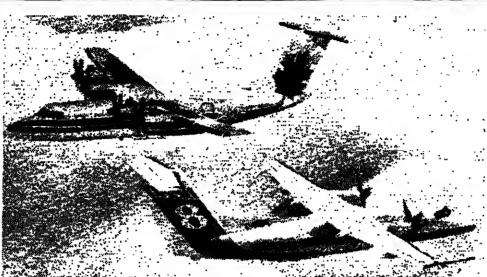
Based on present industry estimates, manufacturers of pressurised commuter aircraft seating between 36 and 50 passengors can look forward to sales not between 2,000 and 2,500 aircraft cant control the more than half of them in North America.

Boeing has moved fast to sweep out the cobwebs of bureaucray and to turn DHC into a viable commercial concern. About three dozen Boeing experts have visited the DHC standard albrecht. The same and according to Richard Albrecht. The same and the company's financing needs and aircraft propers in late of the Canadian investor to buy the company's financing needs and aircraft properts have visited the DHC standard albrecht. The same under the control and according to Richard Albrecht. The same conservation of the pressident of Seattle-based Boeldg Commercial Albrine Co. who has direct group and the control and canadian investor to buy the company's financing needs and aircraft properts have visited the DHC same and cannot be pressident of Seattle-based Boeldg Commercial Albrine Co. who has direct group and computer aircraft and cannot be pressident of Seattle-based Boeldg Commercial Albrine Co. who has direct group and the control and computeraided design many. Canada Development was in disarray.

But the sharp downturn in the aircraft market in the early leading many that the place of other and the production of the Dash 7 began in 1975, the company and the place of the Dash 7 began in 1975, the company and the place of the Dash 8 as it was intended to do, the Dash 8 as it was intended to do, the Dash 9 project, was intended to the development of the Dash 8, as it was intended to do, the Dash a 7 programme had seemmleted a deficit of C\$470m. Not wanting a deficit of C\$470m. Not wanting began to go awry. Customers which had taken delivery of the business. About half the 5400 workforce, including many taking detecting at the president of in late 1982 and 1983.

A hard brake was applied to new investment, leaving the company with inadequate access to such key facilities as numerically controlled machine tooks. The sales department to twist and computer-aided design methods. The sales department to the peak of C\$450m in take 1982 to C\$450m in taken deliver of the purchasing service.

May 1982 to C\$450m in taken deliver of the workers' car park Boggs have design project. The workers' car park Boggs have workers' car park Boggs workers' car park Boggs have workers' car park Boggs bloom (BBP) have workers' car park Boggs workers' car park Boggs bloom (BBP) have workers' car pa



1983 - wrought havoc with DHC's finances. Because research and development spending mainly on the Dash 8, was maintained, by 1983 It was representing o massive 72 per cent of sales compared with just a per cent of sales compared with just and the sales compared with just and the sales compared with just and the sales the years. 9 per cent of sales two years

Losses totalled C\$635m between 1982 and 1985, including a C\$94m shortfall last year. ing a C\$94m shortfall last year. The company moved from being dobt-free at the time of the government takeover to a dobt load of olmost C\$300m at the end of 1983. Ottawa injected C\$700m of new equity into DHC during its 12 years of owner-

respected. Development began in the early 1980s of the Dash 8, a smaller but faster version of the Dash 7.

But the sharp downturn in the aircraft market in the early 1980s and cut-throat compelition from other manufacturers badly upset DHC's sales forecasts. When production of the

However, the situation worsened again in the second half of last year, not least because much of the new labour was not properly trained, but also because production was still handicapped by outdated equipment. Suppliers were also

approached Boeing in December drawing on Boeing's experience 1984 as a potential buyer of DHC. Although two other bids were olso considered, the Seattle company was always the front-runner.

According to Boeing's Albrecht: "We found a company which was very solid in its engineering with a family of small aoroplanes with varying degrees of potential market remaining." He calls the Dash B "an excellent little aoroplano in its class."

In its class."

But like Boggs, Boeing feit that DHC had not done an adequata joh in investing in production facilitios. Aibrecht sdds that DHC's "systems, attitudes and ways of doing business refloct the kind of owners that they had. Boeing as an owner is Interested in something different from what the spectrument was."

thing different from what the government was."

The new C\$25m investment opproved by Boeing illustrates his point. Among the Items on which the money is to be spent over the next 18 months are improved factory lighting and ventilstion, a new roof for one hullding, completion of a half-finished manufacturing bay, hand tools and improvements to the workers' car park. Boggs estimates that another C\$25m may be needed later.

drawing on Boeing's experience in worker motivation. An intornal newslottor has been reactivoted. Tho company plans to launch a suggestion plan, including cash rewards hased an a percentago of savings realised. Boeing's skills as a high-volume aircraft manufacturer able to vary production rates at short notice are likely to be especially useful to DHC. Nonetheless, the chango of ownership has alroudy begun to pay significant dividonds for DHC. Four airlines have ordered o tutal of 39 Dash 8s in the past two months with options on nino more. Among the ordors, which include the largest single purchase in the company's history, are t4 stretched Dash 8-300 modola. One Canadian customor. Air Ontario, has specifically linked its arder to Boeing's recent involvement with DHC. According to the airline's president, Jim Plaxton, the change in ownersh.p "has given us even greater confidence in the product."

Tho link with Boeing has opened other aross of business too. DHC will be part of a team composed of Boeing and the West German oerospace company Messerschmitt Bulkow-Blohm (MBB) studying an Indonesian project for a new 80-90 seat aircraft. Tho Canadian company may aiso participate in design said production of Boeing's planned 7J7 propfan sircraft.

With Boggs already past normal retirement age, Boeing's hopes to stay until the first stretched Dash 8 is delivered in mid-1988.

In an indication of Boeing's determination to put its own

The neuroticism of 'indirect' managers

BY IAN HAMILTON FAZEY

mansgors

The research - into ways of cutting bureaucracy and oncourcutting bureaucracy and oncour-aging entrepreneurs—has been published as a series of case studies of a number of large corporations in Europe. The food company president is the extreme example of how not to overload s company at the top with "indirect" senior manage-ment.

sre less undorstandable than those of an Italian chemical group which stopped attempts to inject more entrepreneurship into its organisation when senior management started feel-ing threatened by the new-found freedom being enjoyed down the line.

the line.

Senior management showed increasing norvousness. "Every step of the way you had to battle with the 'it can't be done' syndrome at headquarters." one manager toid the 'researchers.

One way that corporate HQ exercised control was to let subsidiary managing directors have freedom to hire and fire line managers but allowed them to pick and choose only from a

THE European president of a personnel pool supplied by HQ. US-owned food company super- The Italian concept of manavises \$400m of saica with a cor-porato headquarters staff of to the changes. This set apart only three. the managerial level "as some only three.

Ha allows managers in each sort of corporate master race."

country considerable autonomy;

he helieves that if ho had a more conventional European HQ set-up of 30 to 40 peoplo, ranks of the fow than on bow they would overwhelm the convention of status with demands.

they would overwhelm the country managers with demands and create political tensions within the group.

This might in turn demotivate employoes of the Individual national companies, making them feel their businesses were more like subsidiaries than "associotes." Moreover, he believes that corporate HQ staff might start seeing themselves as possessing imperial power.

According to research just published by the Swiss consultancy Business International: "the European president sees his role as that of promoting stready, to bring in an outsider with the power, courage ond backing from the very top to hack it away.

"This takes more time and

hack it away.

The truck components operamansgors.

"This takes more time and more passion than conventional hiorarchical management styles," it says, "hut whot you lose in efficiency you gain in financial return. Furthermore, country managers develop greater conviction in pursuing their policies if they think of these policies for themselves."

The truck components operations in Europe of Eaton Corporation, the US vehicle components group, seem to prove the point. Alan Bost, who group's Manchoster plant in 1977, now has responsibility for greater conviction in pursuing the UK, Franco and Spain as or result of what he achieved. A bigger compliment, however, was that when recession struck. bigger compliment, howover,
was that whon recession struck,
it was the loss entreprenourial
US plants that Eaton closod,
while use of Europesn capacity

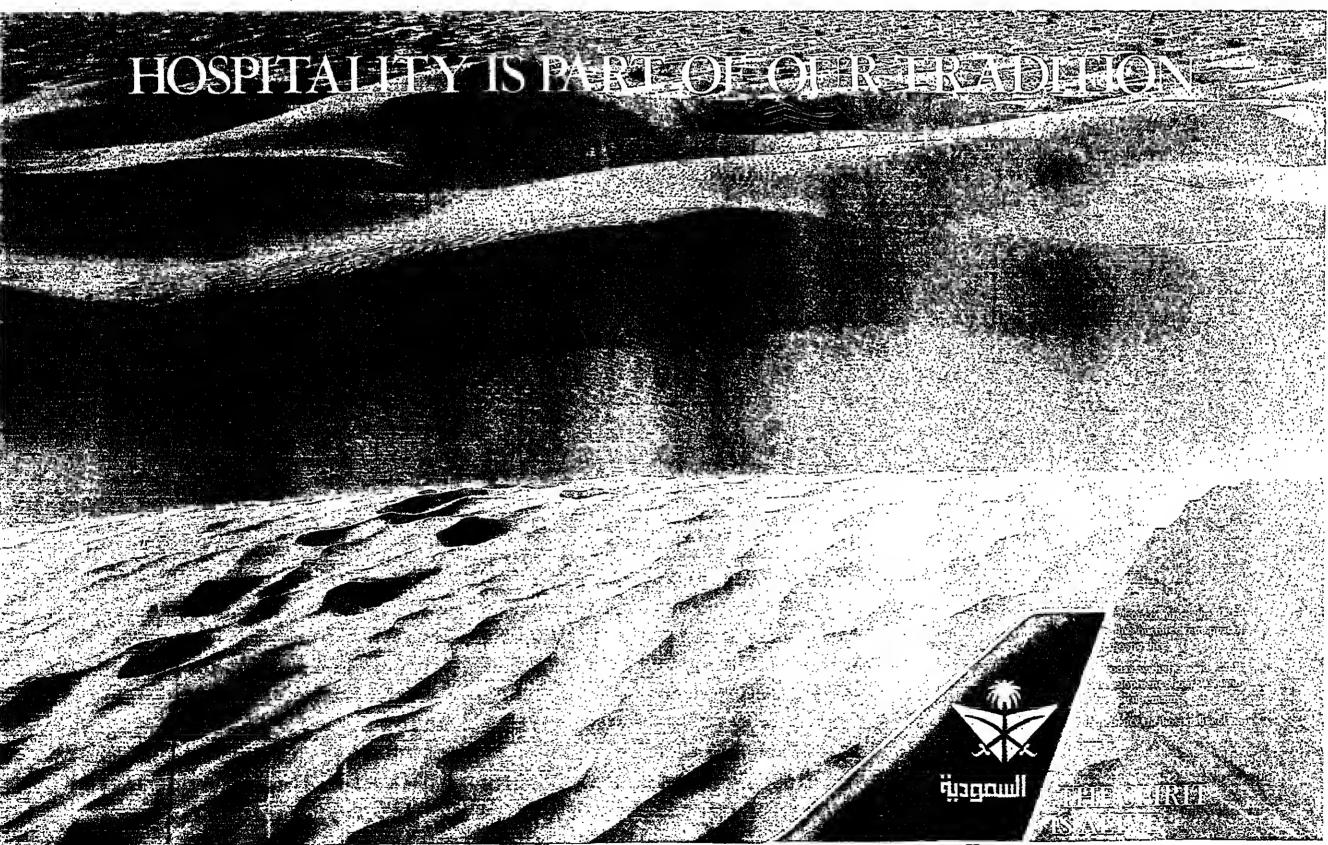
was incressed. Best told the researchers that corporations in Europo. The food company president is the extremo example of how not to overload s company at the top with "indirect" senior management.

Unlike most of those studied, that company preferred to remain anonymous. Its reasons the log natrow.

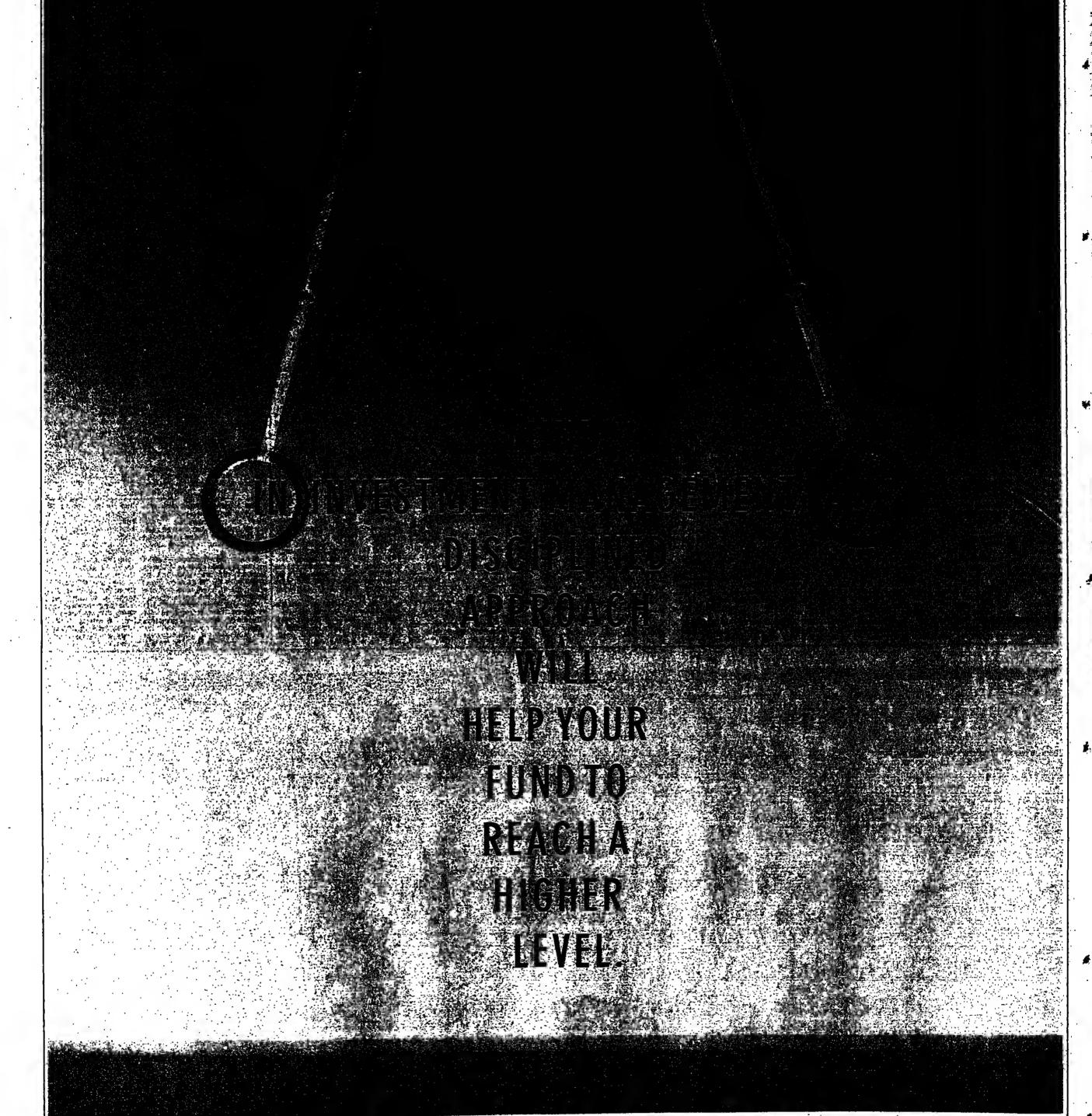
Est told the researchers that choosing the right plant managers was ossential, as was meeting them regularly for informal and formal discussions, while giving them freedom to manage. This meant that that company preferred to remain anonymous. Its reasons performance did not have to be 100 natrow. too narrow.

Divisional headquarters staff hsd to be kept to an absolute minimum because they sometimes hsd too grandiose a perception of ibeir role compared with the manufacturing divisions. The role of corporate headquarters was to set as a sounding board, approve espitai spending and give direction to the group,

The oversll point emorging from the study is that managemont is a task, not o status, Cutting Bureaucracy: Encour-oging Entrepreneurs, published by Business International, 13-14 Chemin Rieu, CH-1211, Genera, Switzerland, \$255 or \$Fe.550.



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Jei In 1 Th

Television/Christopher Dunkley

Real news are good news

even whiter!" means "Same old Sudso, washes much as ever," and when applied to programmes the word can mean whatever the scheduler wants it to mean. In Radio Times and TV Times the tag line "New Series" may mean "This situation comedy was first shown 25 pears 250 in the US, and we shown by BBC2 (Episode 2 at have been screening if in 200 transight). In greet contract have been screening it in 8.00 tonight). In great contrast Britain for the last five seasons, to the current crash-bang-However, it has been off the air for a few weeks and this particular episode is the first of another batch."

Alternatively it may mean "This is the first of the 1986 season of games/concerts which we shall be broadcasting this year as we did last year and every year over the previous two decades." More often than not "New Series" simply means "We know you are used to seeing repeats under this to seeing repeats under this title, but this is a genuinely fresh lot."

reason. True, they appear to be mostly documentaries, and admittadly BBC2 seems to be responsible for a disproportionate number, with Channel 4 taking second place. It looks as though BBC1 and ITV are content to part are arrest for admittadly BBC2 seems to be responsible for a disproportionate number, with Channel 4 taking second place. It looks as though BBC1 and ITV are content to wait, as usual, for the autumn before launching into their "New Season." The fact remains that, for July, there seems to be an abnormally large number of truly new series around, and those of us who have complained previously of the deadly tedium

to the current crash-bang-wallop style of documentaries, this series — produced and directed by Clive Fleury — manages to give the feeling that it was made with all the time in the world.

Indeed the first impression was of a programme so leisurely as to risk boredom, but it became clear that the business of watching Pizzey getting on a hus or walking down s street was very much a part of the style. We have become so accustomed today That said, the last couple of to documentaries which seek to impress by rushing from graphle to graphic, map to pie-chart; gest the beginning of something that looks almost like a summer season. Thus they are to the landscape, that we are in the landscape, the weak of foresting the landscape. the landscape, that we are in danger of forgetting the value of good reporting.

One word above all is beloved of television: "new." It
almost invarisbly means the
opposite of what it seeks to
imply: "New Sudso, washes
even whiter!" means "Same old
Sudso, washes much as ever,"
and when applied to programmes the word can mean
whatever the scheduler wants it
to mean. In Radio Times and
The Menting Aris is another

the deserted platform while
making a wry comment shout
fouth American attitudes. It
was a small piece of theatre, but
legitimate and telling. If other
episodes are as good, those who
stay with the series will not
only learn a lot of new facts
about South America, they will
suspect the best of them may
to mean. In Radio Times and
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to mean. In Radio Times and
to mean. In Radio Times and
the opening episodes of five
suspect the best of them may
the design.

The Henling Aris is another

the deserted platform while
fouth American attitudes. It
the design.

American attitudes. It
the design are are as good, those who
stay with the series will not
only learn a lot of new facts
suspect the best of them may
to mean. In Radio Times and
the opening episodes of five
showever modest.

The designers but those
obliged to use the design.

Roadtrain Tory, producer
Yet despita these similarities
with those involved at the time.

Yet despita these similarities
with those involved at the time.

Yet despita these similarities
with those involved at the time.

Yet despita these similarities
with those involved at the time.

Yet despita these similarities
with those involved at the time.

Yet despita these similarities obliged to use of
the place.

The Henling Aris is another

The Healing Arts is another
BBC2 series, this time in nine of presenter John Barry to salvage the reputation of Ernest at many unusual aspects of Bevin, for example) whereas medicine." Given the growing interest in herbatism, homeopathy, acupuncture and so on, that seems reasonable enough. What does not seem reasonable is to mix pp the rational and the series of the subject of t What does not seem reasonable is to mix np the rational and irrational and imply that everything beyond the ken of conventional medics is much of a muchness.

Interesting the subject of is the subject of philip whiteheard's series on irrational and imply that everything beyond the ken of conventional medics is much of a muchness.

muchness.

Programme 1 jumped from osteopathy, an exact science when it comes to a question of replacing disjointed bones, to some silly woman who closed her eyes, waved her bands over someone's body, and burbled about "feeling the force field" and the importance of "breathing through your feet." Television is far too much in awe of conventional Western medicine, so that there is a vital job to be done in de-mystifying tha whole husiness and broadaning the publie's outlook. But the only people whose purposes will be served by casually pushing together reasonable alternatives and tha ludicrously few are the charlatans whose lives are already far too easy.

struck me as somewhat dry and didactic (occasionally interes-tingly so: in the determination

tics. It is hard to imagine a history of Nato coming up with anything as amusing as the account given by one Cabinet minister of arriving early at Downing Street to discover the Prime Minister moving the place cards ao that he did not have to look Enoch Powell in

All The Prime Minister's Men (Episode 2 tomorrow comes np to date and discusses Mrs Thatcher's handling of her the public's outlook. But the only people whose purposes will be served by casually pushing: together reasonable alternatives and tha ludicrously most original of these new most original of these new midsummer series is Designers. Yet another BBC2 series, Questions Of Defence, is began with a programme ways to Channel 4's series All that Prime Minister's Men. Both are largely concerned with politics, both bave a thesis to design was subjected to the its sound and the evidenca ideal medium sort of subject time that the ends of de were replaced were replaced with a programme which used a formula that I have been wanting to see on Iclevision for 12 years: a politics, both bave a thesis to design was subjected to the Cabinats) looks as though it

of lorry csbs look less "aggressive" in order to pacify inhabitants of small villages, the driver talked about the high level of interior noise. And whila the designer enthused about the sausage-motif of the radialor grill being repeated in the cab steps and on the rubber mats, the driver complained

We must of course ba awar that what we were watching was Berrisford's selection of evi Berrisford's selection of evidence: it is conceivable that the lorry driver spent most of his time enthusing over the sausage motif in his rubber mata, that the designers' chief concern was really the lack of arm-rests, and that Berrisford naughtily misrepresented all of this — conceivable, but unlikely. It seems much more likely that the disparity highlighted between the priorities of designer and user are all too common.

and side windnw de-mistars.

are all too common.

Television with its pictures, ita sound and its ability to hold the evidenca up in public is an ideal medium for airing this sort of subject. It is aurely high time that the present odds and ends of design programmes were replaced by a scriea as regular and permanent as those that deal with science or motoring.

Meanwhile, we must be grate-ful for these genuinely "new" series which are making the television summer of '86 some-what more interesting than its



Elisabetta Terabust and Peter Schaufuss in Romeo and Juliet

Romeo and Juliet/Coliseum

Clement Crisp

London Festivsl Ballct began service of the young girl'a what promises to be an Interesting and varied summer season Julier's Indecisions, or ber on Monday with Romen and Juliet, Tols is the Ashton version, rastored and restaged last like Shakespeare's verse, with a year, and ona more modest in its proportions than any of the

sion, rastored and restaged last year, and ona more modest in the proportions than any of the others we have known during the past three decades. Its virtues are those of purity of outline, economy of means, almost a decorum in treating of tha tragedy in the first two acts, a decorum broken by the sudden burst of passion which drives right through the finst section of the work.

ning to Friar Lawrence and contemplating the potion, summoning up her courage to face ber family, this Juliet was touched with a fine and lovely ardour, and the ballet received the essential focus for its emotional development. It was a performance which wbolly justified the staging.

Mr. Schaufuss' beneficial total increase a total three bombestic Capulet: Frank Schaufuss an imposing presence as Escalus.

The company were in lively form in the erowd scenes, but I find myself increasingly out of sympathy with Peler Rice's flimsy design; I can believe neither in this skeletal

Bidding farewell to Peter mimetic clarity to the senior Schaufuss's eager Romen; running to Friar Laurence and senior senior senior characters. Kirsten Ralov is a senior characters. characters. Kirsten Ralov is a gentle yet firm Lady Capulet; Niels Bjorn Larsen a bold, un-bombastic Capulet; Frank Schaufuss an imposing presence

The passion was notable last night in the performance of Elisabetts Terabust as a Juliet In whom native Italian temperasiment came tremendously to the staging.

a performance which wbolly staging. If imsy design: I can believe neither in this skeletal Renaissance setting nor in the pastel costuming. The ballet loses eradibility for me thereby.



Gayle Hunnicutt, George Irving, Sally Watts, Bryan Murray and Sandra Dickinson

The Miss Firecracker Contest/Greenwich

Antony Thorncroft

Beth Henley's play first surfaced at the Bush four years ago where its small virtues were well received; the wide open spaces of Greenwich reduce its appeal. What should have been a camp send-up of Tennessee Williams shows ominous signs of taking itself seriously. You actually start to care about the characters.

Carnelle, whose career as the local lay in the small Mississippi town of Brookhaven has been curtailed by a nasty social, disease, wants to regain ber pride and status in society by pride and status in society hy winning the annual Miss Firecracker beauty contest.

Her family are sceptical southern missits, slow of speech about ber chances, surprisingly and mind, and with enough skeletons lurking below tha Sandra Dickinson, who even thin surface of their reality to thin surface of their reality to qualify them for membership of Cold Comfort Farm.

Simon Stokes directs it straight, playing down the jokes and playing up the dilemmas of the cast. The audience is left uncertain whather in identify with the plot or the satire. As the fireworks explode at the end, and Carnelle, Popeya and Delmount saze out at a more hopeful gaze out at a more hopeful future, it seems indelicate tn a monkey before she died for the saka of medical research. he saka of medical research, have laughed at their futile.

The cousins are stock fantasies.

Ernest Beck

Giacometti Retrospective/Martigny

Alberto Giacometti once described being an artist as nightmarish and bopeless, like baying his face pressed against s wall and not being able to breathe. Walking into s room of some 150 of his sculptures and paintings at the major Giacometti retrospective in the

Giacometti retrospective in the Swiss Valais town of Martigny provokes similar feelings of despair.

Faces thin as razors, and emaciated bodies, forlorn groups and limbs falling weightlessly through space—his contribution to the mythology of modern art—reflect our nervous nuclear age as accurately as they did the ruins of tha postwar Europe when created. Time has not dulled their power.

Commemorating the 20th anniversary this year of the artist's death, tha retrospective with isolating figures in en-

At Martigny, works are out details are discerned, and arranged thamatically to the faces stare back with a dispresent a sense of stylistic turbing intensity—portraying development. They include the fear of seeing and being many rarely seen. Cubist inspired sculptures from an early, brief first with abstraction in the 1920s reconstant his

inspired sculptures from an early, brief first with abstraction in the 1930s, soon after his emigration to Parls.

This was quickly abandoned for the figurative. Glacometti believed we recognise people only by overall impression, not by specific physical details. A dozen heads of Diego — bis brother, trusted friend, and graphs reveal a moody, modest man who considered art more a religion than a vocation.

this clear; some are thin and jutting forward, on triangular bodies, while others are tiny round bails set on a bulky torso.

There are other surprises in the yillage. The artist's concern with isolating figures in enclosed spaces—rooms within artist's death, the retrospective is in many ways a homecoming: that conservative Swiss recognised their countryman's achievements only lete in his carrier, and, until recently, international acclaim has far exceeded fame at bome.

It is a tribute then that his brother Bruno was given a hand in the arrangements. Knowing how Giacometti fretted over the installation of his works, he has

It is a tribute then that his brother Bruno was given a hand in the arrangements. Knowing how Giacometti fretted over the installation of his works, he has devised an artful concept which makes many of the familiar, perhaps overexposed sculptures appear fresh and alive in a concentrated assemblage. The airy, cannoled Foundation Pierre Gianadda eultural centre is filled with an entire village of lean, hollow-eye Giacometti they appear at first as dimensionless facades, mere back-been left for wandering, and close observation of surfaces.

Earl Wild/Bishopsgate Hall

David Murray

Recent City of London concert, all of them authentic-Festivals have offered a special ally Wild-ish. treat for piano lovers: s working week's worth of lunchtime recitals by a notable pianist-Cécile Ousset, Jorge Bolet, Mitsuko Uchida - and gener-

At 70, Wild still bas wonder-ful fingers (particularly right-band fingers), and oficionodos will know more or less what to expect. Deep-pondered inter-pretation is not his line, though he cultivates pretty sentiments in salon pleces; but good taste usually guides what he does, and a canny ear for the actual sound of his instrument.

For easy panache and digital expressive modulations. brilliance, as well as nicely ast-ringent clarity, he has few equals. It is a pleasure to hear him addressing the piano with such delectable glitter and

Hls dry pianlssimo in "Gnomenreigen" was sensationsl, as it was in the sngry F minor Study; each would have gained, I thought, by less skit-

Mitsuko Uchlda — and generally with a linking theme. This week we have the American virtuoso Earl Wild, celebrating Liszt and some other favourites daily.

At 70, Wild still bss wonderally gained, I thought, by less skittish tempo rhanges (Wild is oddly casual about such matters), but neither gnomic eerlness nor cumulative drama is the sort of thing Wild seems to alm at. Immediate presidigitation is what's to be admired, and we admired it. and we admired it.

"La Ricordanza" and "La Leggierezza" flowed elegantly. So did Chopin's Andante Spianato, and Its following Grande Polonaise found Wild again in his element: sparkling thirds, super-lucid chromatics. No new tone was marked at the arrival of the middle section—Wild rarely makes much of

He concluded with Ravel's He concluded with Ravel's "Alborada del gracloso," in which smid the crackling guitar effects be placed Ravel's such delectable glitter and efficiency.

His Liszt on Monday was misidentified in the programme as "Five Studies op. 1"; in fact it was a mixed bag of Transcendental Studies and études de guitar effects be placed Ravel's succulent chords as beautifully as he shaped the flamenco recitative. There was a sharp appreciation of style in that; only a properly tough pulse was still needed to lead up to the final explosion.

Boulez out of Proms

Pierre Boulez bas hurt his knee and has had to withdraw from conducting the Promenade Concert on July 26: the UK gramme will be: Jeux, by Depremere of his Figures-Doubles-Prismes will not now be performed.

He will be replaced by the Belgisn conductor Ronald Zollman, and the revised programme will be: Jeux, by Debusy: 4 Pieces Op. 12 by Prismes will not now be performed.

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Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednespears each Friday.

The Normal Heart (Albery): Tom "Amadeus" Hules is playing the crusading hero of Larry Kramer's hysterical melodrama for a three-mooth season, as public concern over the Aids epidemic increases. (836 3878 credit cards (CC) 379 6865).

La Cage Aux Folles (Palladium): George Hearn a welcome star along dancing girl performing a temple ceremony, with popular male comic actor Ennouske playing the girl. He also stars in Date no Ju Yaku with stylised fights, acrobatics and quick changes. Kabuki-za, Higashi Ginza (541 3181).

Fool for Love (in Japanese), the fine of the Sam Shepard trilogy press Parco company, directed 1 Joyce. Parco (477 5860/585)

NILFISK 🍩

Part 3, Shibuya (477 5860/5958).

fidamaner Night's Dream by Lindsay Kemp and Company, Kani Hokan Hall, U-Port, Gotanda (Mon). (486 7556).

NEW YORK

fapan House: Burghley House, with the earliest known record of Japanese porcelain in Europe, provides a touring exhibit that will visit the High Museum in Atlanta and then nese and Chinese objects dating from the 16th to the 18th centuries Ends July 27.

Cets (Winter Carden): Still a sellout, Trevor Nunn's production of T.S. Elliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

July 11-17

Big River (O'Neill): Roger Miller's mu-sic rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default (2460220).

CHICAGO

Pump Boys and Dinettes (Apollo Cen-ter): Facetious look at country music and down-home country life with a good beat and some memo good beat and some intentionals songs, especially one played on kit-chen utensils has proved to be a du-rable Chicago hit. (935 \$100).

NETHERLANDS

Amsterdam, Rijksmuseum: Impressionists and their cootemporaries in en exhibition of 140 French prints spanning the period 1860-1900, in-cluding foreign artists who made Paris their spiritual home. Ends

ordens. Stadsschouwburg: English Speaking Theatre of Amster-dam repeats its successful run of Or-too's Entertaining Mr Sloane, di-rected by Grant Coburn. (24 23 11). liefden, puppet theatre by Jozef van de Berg (Fri, Sat). (24 23 11).

ITALY

Spoleto (festival), Teatro Caio Melisso: Eugene Ionesco's The Lesson, di-rected by Egisto Marcucci (in Ital-

Sala Fran: the Théatre de l'Europe in Jeux de Femma, by Krzysztof Za-oussi and Edward Zebrowski, di-rected by Henning Brockhaus (with Leslie Caroa). (Fri, Sat). (4 62 65).

Saleroom/Antony Thorncroft Keeping our marbles

Christie's scored a big success yesterday with its sale of house. English and European sculpture. It totalled £1,994,328, with just one per cent unsold. It was bust of Shakespeare by the best sale of marble statuea to be held for many years and £291,800 in a private collector. were all the rage.

A monumental Florentine marble group of Samson alaying Philistines by Vincenzan Foggini was hought by a private collector for £345,600, comfortably ahead of the £250,000 bigh estimate. It has stracted public interest because it is the first item exhibited at 1sst winter's "Treasure Houses of Grest Britain" exhibition in Washington to reach the market.

At the time certain critics of lbe chooser of the greatest basid thal lhe show would provide an excellent apportunity for American collectors and museums to view the best of Register Houseant the Christia's In Contains by Christia's In Chri vide an excellent importunity for American collectors and museums to view the best of British heritage. However the Foggini was known to be on the market. Following the dealb of Olive, Countess Fitzwilliam, the family has abandoned Wentworth Woodhouse and soid off the contents, leaving the grand 18th century mansion to the local authority. Even so if the privale buyer turns out to be a foreigner there may well be attempts to keep this group, dating from 1749, in the UK. After all it was commissioned of infinity for the national beritage.

There would be fewer cumplaints if four Labours of Hcrules, east in bronze from models by Giambologna, left the country. They made in total £386,640, with one of them. Hercules and Lichas, contributing £259,200 because of its great rarity.

the best sale of marble statuea Michael Rysbrack. It sold for to be held for many years and included aome choice items from Wentworth Woodbouse, the Yorksbire bome of the Fitzwilliam family, which started to collect sculpturea in the midalisth century when classical acquisitions on the Grand Tour were all the rage.

Michael Rysbrack. It sold for £291,600 th a private collector. The bust was commissioned around 1760 by James West and sold by a descendant of the money to indulge his passion for contemporary art. The combination of a great national sculptor—if only by adoption—should ensure a stop on an expension. sculptor—if only by adoption—should ensure a stop on an export licence, if one is requested.

Also from Wentworth Woodhnuse were fnur slatues by the iste 18th century artist Joseph Knollekens of Venus (which made £t18,800); Juno (£113,400); Minerva (£108,000) and Dlana (£91,800). All sold way above forecast to private way above forecast to private buyers. It has been suggested that three of the group-minus the Diana-were made for the Judgment of Paris, for a statue

FINANCIAL TIMES

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Wednesday July 16 1986

Dangers of a weak dollar

THE UK authorities may well have felt some relief yesterday as a weak deliar took the downward pressure off sterling in the currency markets. The pound is bound to be hard to defend when oil prices are as soft as they are at present, and for the moment at least the underlying dilemma has been avoided; can a rise in interest underlying dilemma has been avoided: can a rise in interest rates, the last thing the Government wants in view of the poor output figures, be avoided? And would a modest rise io any case have any effect in stabilising the currency, or would it be read as a sign of weakness? The dilemma is unpleasant and so is the feelweakness? The dilemma is unpleasaot, and so is the feeling of helplessnesa about the situation which has posed it: Britain is probably unable and righly unwilling to help stabilise oil prires, and is self-condemned to a passive role. However, it is only in Britain's peculiar circumstances that there is any reason at all to welcome the weakness of the dollar, and even in the UK the cause of this weakness—the disappointing US trade and growth performance—is a matter for coccern, not relief. Indeed, the dilemma facing the US authorities cao be atated in Indeed, the dilemma facing the US authorities cao be atated in almost exactly the same terms in which we bave described the British situation. The economic indicators suggest that economic policy is too tight, but the currency is weak enough to cause concern.

Temporary damage

A speculative run on sterling, which could still be a danger if the most bearish forecasts for oil are borne out, would be an acute embarrasment for be an acute embarrassment for the British Government, but probably a temporary one. The markets generally believe that the oil price is being driven down deliberately by the Gulf states, in accordance with their stated policies, in order to drive some marginal producers out of the market and make the rest more amenable to cartel discipline; and the market, as resected in oil sbares as well as the modest overall fall in sterling, is het-ting on a limited victory for the Gulf states, though not in the near future. sources as well as the modest events seem to be arguing the overall fail in sterling, is hetting on a limited victory for the Gulf states, though not in the near future.

The damage to the British industrial world and a more realistive account will therefore. current account will therefore competitive

The US dilemma, on the other band, is far more iotractable and the dangera are not limited and the dangera are not limited to the US economy. There is a clear, though not yet a pressing risk that the dollar could come under strong speculative pressure if the growth and especially the trade performance of the US does not show some signs of improvement in the coming mooths. This could pose the adjuatment crisia which some analysts — notably Mr Stephen Marris, a senior veteran of OECD forecasting—have been expecting for a long time. The danger is that a dollar collapse could push the US economy into downright recession, and tip US policy towards protectionism.

Increasing urgency

This danger bas arisen because the markets are digest-lng a double disappointment. Investors believed the most bullish forecasts of the impact bullish forecasts of the impact of low oil prices on world growth, and are now waking up to the fact that the initial impact was quite sharply deflationary, through a sharp world wide fall in energy-related investment. They also believed that the US current account would respond promptly to the devaluation of the dollar, reducing the trade and incidentally the fiscal deficit in the US. The US is arguing, with

Increasing urgency, that policy in other countries, notably in Japan and West Germany, should respond more readily to these disappointments, and that some fiscal/moretary stimulus should be applied to belp both world growth and the US deficit, and it seems clear that this call will dominate international economic discussion. Events seem to be arguing the be temporary, if the markets some effect in due course; we are right, and sierling will also need an authoritative reassesstrade more like other curreccies ment of the time scale involved.

Job security and profits

THE BRITISH Government's not easy. And it is interesting new consultative document on profit-related pay is one more chosen by the Government to example of the retreat from radicalism. In this case, however, the backtracking owes less to the demands of the electoral areas where a trade-off between timetable than to the bostile response elicited by the Chancellor of the Exchequer's original budget slatements on profit sharing.

Where the Chancellor has met the critics head-on is in

cellor of the Exchequer's original budget slatements on profit sharing.

lo place of a bolo plan in which 20 per cent of pay would bave had to be profit-related in order to qualify for tax relief, me have gradualism: a minimum figure of 5 per cent of pay, together with the hope that companies will build un over time to a maximum of 20 per cent. There is also a marked reduction in the potential amount of tax relief for iodividual workers, although the Government is no longer been largely academic.

Where the Chancelior has met the critics bead-on is in addressing the problem of the condict of interest between the existing workforce, for whom met the critics bead-on is in addressing the problem of the condict of interest between the existing workforce, for whom met the critics bead-on is in addressing the problem of the condict of interest between the existing workforce, for whom pay, together with the hope that company the condict of interest between the existing workforce, for whom pay, together with the hope that company the condict of interest between the existing workforce, for whom pay, together with the hope that company to the condict of interest between the existing workforce, for whom any increase in employment means a dilution in profits per bead-on is in addressing the problem of the condict of interest between the existing workforce, for whom any increase in employment means a dilution in profits per bead-on is in addressing the problem of the condict of interest between the existing workforce, for whom any increase in employment met the critics bead-on is in addressing the problem of the condict of interest between the existing workforce, for whom any increase in employment met the critics bead-on is in addressing the problem of the condict of interest between the existing workforce, for whom any increase in employment met the critics bead-on is in addressing the problem of the condict of interest between the Government is no longer talking of limiting the reliefs to a period of three years; the arrangement would simply be reviewed in the light of eveots. talking of limiting the reliefs to a period of three years; the arrangement would simply be reviewed in the light of eveots. The relicfs would also be made available to profit sharing schemes that operated for as little as one year, instead of earlier proposals for a three-year minimum qualifying period.

The likely outcome of all area for a propose of the short term. Whether British managers who

Successful schemes

By opting for a gradualist approach, Mr Nigel Lawson has approach. Mr Nigel Lawson has underlably made his genufiection to conservatives in British industry. Ecoployees, on the other hand, are unlikely to helieve popular press headlines that are already, misleadingly, heralding the arrival of tax-free pay rises. In practice they would have to decide whether any tax reliefs that the Chancellor may ultimately hand out justify a trade-off that involves less secure income in exchange for more secure employment.

Any scheme that brings greater employee identifies that brings greater employee identifies feature in process of pay determination deserves a welcome. But as Mr Lawson himself acknowledges, his scheme that brings greater employee identifies feature in process of pay determination deserves a welcome. But as Mr Lawson himself acknowledges, his scheme that brings greater employee identifies feature in process of pay determination deserves a welcome. But as Mr Lawson himself acknowledges, his scheme to the process of pay determination deserves a welcome. But as Mr Lawson himself acknowledges, his scheme that brings greater employee identifies feature in process of pay determination deserves a welcome. But as Mr Lawson in the process of pay determination deserves a welcome. But as Mr Lawson to the accusation of tinkering. Yet he is scarcely raiding the Exchange for the process of pay determination deserves a welcome. But are already, misleadingly, self acknowledges, his scheme that brings freater employee identified in with the company and adds flexibility to the process of pay determination deserves a welcome. But as Mr Lawson time to the accusation of tinkering the process of pay determination deserves a welcome. But as Mr Lawson time to the accusation of tinkering the process of pay determination deserves a welcome. But as Mr Lawson the process of pay determination deserves a welcome. But as Mr Lawson the process of pay determination deserves a welcome. But as Mr Lawson the process of pay determination of the process of pay determination deserves a welcome. But as

a judgment about the future capital to promote employment profitability of the company, is deserve a fair wind.

Deserved welcome

period.

The likely outcome of all this is that a larger number of people would each gain a smaller amount of relief. The question is whether, in this diluted form, profit sharing consider and meet the twin objectives of moderating real wages and increasing employment.

Successful schemes

Whether British managers who are now conceding large increases in real pay will be any more inclined to perform the constitution of the and poteotially constructive role for trade unions.

Any scheme that for more secure employment experimentation involving co-That decision, which involves operation between labour and UK machine tool industry

Clouds behind the silver lining

By Nick Garnett

biggest machine tool com-panies rubbed shoulders earlier this month at one of the many exhibitions of metal cutting machinery that pepper the with

aalesmen Japanese allesmen with tinted spectaclea, regulation blue sbort-sleeved shirts and black ties circulated around their stands as kimono-clad bostesses served potted meat sandwiches to potential customers

The West Germans, up from Baden-Württemberg and Northrhine Westphalia, banded out glossy brochures and earnestly demonstrated the latest tool

changers.

The hall was liberally sprinkled, too, with many of Britain's machine tool makers.

Small, still vulnerable and 50 per cent US-owned, the British machine tool industry has con-founded the sceptics. Written off doring the gruesome years of shrinkage and decline not so long ago as a patient too sick for rebabilitation, the industry bas begun to stage a

comeback.
Sales of UK manufactured and assembled machine tools jumped 20 per cent last year to £603m, the second successive substantial increase, according to figures published last month by the Machine Tool Trades Association.

Association.

But the near euphoria experienced by many UK toolmakers during the past 18 months has now been tempered by a hint of self doubt. Looking over their shoulders, some companies bave begun to ask whether the historical frailties of the UK machine tool industry will plague them again. Will lack of investment and technical development, shortages of apprentices and skilled design engineers, the everages of apprentices and skilled design engineers, the everweakening condition of its home customer base and the sheer size and innovative aggression of its competitors return to haunt the industrial estates of Leicester. Covening and Birmingham and the other outposts of this once powerful industrial sector?

The recent phasing out of capital allowances is already

capital allowances is already beginning to hit the domestic market. And a hundred miles oorth of London, another potential headache for Britain's indigenous manufacturers is rising from a 15 acre site in the picturesque town of

N LONDON's sweltering glass-covered Olympia ball, some of the world's products will cut right across the ranges of some of the many that one of the many that pepper the endar.

expect that the Yamazaki operation will hurt importers first, there is much unesse that its products will cut right across the ranges of some of the best-known names in the UK. Newa of the f5.2m assistance which Yamazaki is receiving from the Government went from the Government went down in the industry like a lead balloon.

For the moment, however, anyone seeking positival symptoms of the industry's bealth need not look too far. Employment, which had fallen by a third to 30,000 during the depths of recession, has begun to climb, with another 2,000 now working in the sector.

Imports, which tose to an uncomfortable 58 per cent of UK consumption aix years ago, bave been beld at 10 percentage points less than that for three years running. British companies are typically exporting between 40 and 70 per cent of output now, escaping the trap For the moment, however,

between 40 and 70 per cent of output now, escaping the frap of dependence or a frague home manufacturing base.

All this is helped by the steep rise in the value of the yen, which is sending a chill through the big Japanese manufacturers. The Japanese are used to flourishing with margins of just 1.5 to 2.5 per cent on the back of colossal cent oo the back of colossal volume, But prices of Japanese

'Out of the pain has come the opportunity. Size isn't everything'

Much shrewder marketing has resulted in a range of companies (including Bridgeport, Rearney Trecker Marwin (RTM) in Brighton and the 600 Group with its Harrison and Colchester companies) setting up advice and technical centres to assist customers on the best way of using their machines. On the academic front.

machines. On the academic front.

Apart from the higger machining centre makers, a larga clutch of companies, fleeing the mercilessly priced stack 'em high markets, are making profits oow—or at least surviving—within niches based either on high precision products or on the apecific demands of the aerospace, car and oil companies.

ducts or on the apecific demands of the aerospace, car and oil companies.

Jones and Shipman, for example, employs 800, made £2m profit on a £20m turnover last year and is a world leader in high-precision grinding and honing machines. Lapointe, a remnant of the old Staveley empire, has a turnover of £9m making specialist hroaching machines—used for example, in making the "fir tree" roots on turbine dises—and exports 80 per cent of its output.

Arbroath-based Giddings and Lewis-Fraser, part of AMCA of the US, though hit by the oil industry's troubles, makes a range of horizontal borers, machining centres and lathes for industries demanding rigorous tolerances, Ex-Cell-O, alongside Bridgeport in Leicester, makes its living out of automotive transfer machinery. Elliott has its specialised machining ceotres while KTM extracts 40 per cent of its turnover from the rather unusual if risky business of linking machines in flexible maoufacturing systems.

Smaller companies bave also found market slots which they

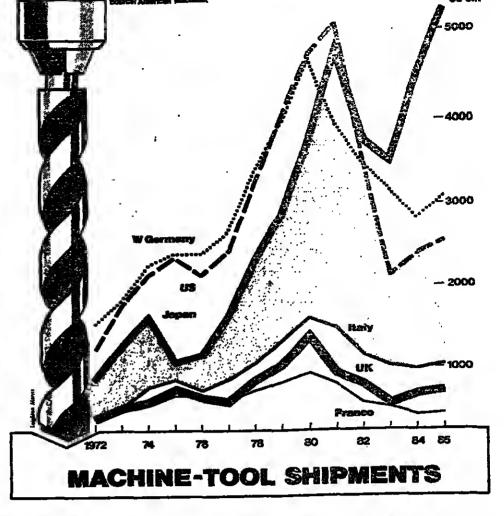
Smaller companies bave also found market slots which they smaller companies bave also found market slots which they can inhabit comfortably. Brierley employs 40 in north Wales making ont their cost advantages. Britain's machine tool industry is familiar with this syndrome—six years ago, with a very different yen and a 34 per cent inflation rate in the UK, the Industry suffered an increase in costs of 50 per cent against the Japanese in just 12 months.

But there are many examples of progress in the industry's recent performance. "I am an inveterate optimist. The trend will continue. We as a company are going to take some shifting from our position," says Mr Stephen LeBeau, the Increasingly popular all-purpose tool typically selling at £85,000 to £200,000, are engaged in a remarkable fight

the banking world, was Clifford Turner partner.

Peeping banks

Banks in West Berlin are



that "size isn't everything." Mr Ron Ball, president of the MTTA, shares this view, point-ing out that while the industry is smaller than it used to be, it is "dynamic," more customer-orientated and with the will to

orientated and with the will to become stronger.

Some of the UK industry's competitors, however, would not agree. "There are some good companies in the UK but some others are very sick." says a senior manager at Tranb, the big West German turning machine maker.

The UK machine tool sector is, on the face of it, the world's eighth biggest producer. In Western Europe it is behind Italy and Switzerland and is only a quarter the size of the

only a quarter the size of the powerful West German machine tool industry, the world's biggest exporter and number two in total production to Japan, Soma critics believe that one

originated machines, manufacturing everything in-house or using local components except for the controls, and in the pro-

to be kept. But few customers are taking the hint.

At the moment, though, made-up machines from imported kits form only a small proportion of UK output. "Just assembling is a disaster for the UK," says Mr Maurice Carmen, Wadkin's technical manager.
Britain's component supply

infrastructure is already weak and, in parts, long collapsed. Many British-made machines use Italian drives, Japanese ballscrews, German linearscales.

ballscrews, German linearscales.
Following the disastrous reorganisation of the British
numerical control industry in
the 1970s when Plessey's activities were lumped in with those
of Ferranti and Airmec, lack
of managerial interest and
investment killed off the
country's mainstream control
business. British-made controls
for machines other than the
smallest are virtually nonexistent. existent.

Soma critics believe that one of the long-term consequences of the assembly and manufacturing agreements between British companies and the Japanese — including those between Bridgeport and Yasuda, DeVlieg and Okuma, KTM with Mitsubishi, Pollard with Mori Seiki and TI with Takahamacould be to eat ioto what It left of the industry's engineering skills.

At one and of the spectrum At one end of the spectrum,
Bridgeport has completely
Europeanised its Yasuda originated machines, manufac "Innovetion seems to be dead

more Japanese industry is forced to manufacture abroad. German machine tool companies, which are supported by a rigorous system of industrial standards that foreign competi-tors must also meet, and which serve powerful and nationalistic serve powerful and nationalistic domestic vehicle and engineering industries, are rushing back loto profits. They are reported to be loaded with orders—up to 25 per cent above predictions made last year. The Italians bare carved out an industry for themselves as kings of the flashy, flexible manufacturing system and the equipment that goes into 4t.

goes into it.

A new threat from the Far
East is also in prospect.
Taiwanese producers like Dab Lih have been hit by the yen price of many of their Japanese-made components, but the number of machining centre manufacturers in Taiwan jumped last year from 24 to 36. Significantly, many UK im-porters of Japanese equipment porters of Japanese equipment bave been turning to the big and fast rising Koreans like Kia, whose dollar-based nutrut gives them new cost advantages. Another big Korean producer, Daewoo, committed to overtaking the Japanese in both cost and sophistication, has been clearing out its secondhand Japanese production equipment and installing the latest German-made production lices. A few years ago the British

the picturesque town of the Increasingly popular all-purpose tool typically selling at £85,000 to £200,000, are powerful domestic machine tool lobby from setting up in West Germany, Yamazaki, one of the world's biggest producers, and an assembly plant capable of producing 1,200 machining to the finishing touches to a result of producing 1,200 machining touches are centres and lathey a year with a workforce of little more than 200.

Though most observers

The picturesque town of the Increasingly popular all-purpose tool typically selling director for Bridge-port, the subject this month of a UK-US management buyout this industry. We've got to the forities in this industry. We've got to the same thing for the controls, and in the protection is knees. Now factories are to the world's protection in the port the controls, and in the protection is knees. Now factories are to the world with the forest the same things.

The weak state in general buyout this industry. We've got to the control in this industry. We've got to the control in the port the controls, and in the protection is knees. Now factories are the first knees. Now factories are the first knees. Now factories are the first knees. Now factories are the factories, and in the protection is knees. Now factories are the first knees. Now factories are the factories, and their the world's the linguary for the controls, and in the p A few years ago the British machine tool industry was in its knees. Now factories are reasonably full and their

No Land of promise

The sudden departure of David Davies, aged 46, as chief execu-tive of Hongkong Land puts one of the international financial community's most stylish operators back on the job

market,
"It's always a question of timing. When does one do anything?" said Davies on the phone from Hong Kong. He seems to be adopting an Oriental philsophical attitude to is resignation after only 21

years.

Davies leaves his executiva suite in Land'a spectacular Exchange Square waterfront by after taking m the biggest corporate challenge of his life. The task was the rescue of a property group that was perilously close to collapse as the result of a slump in the colony'a property market, and a series of unfortunate local partnerships. While some thought at the time that his decision to leave the safety of MEPC, the Park Lane, London, investment and development group, where he



It's the only way I could think of hreaking into show

Men and Matters

was finance director and vice-chairman, was professional suiride, Davies judged other wise. He saw the job of resur-recting Hongkong Land as a once-in-a-lifetime chance to chance to clifford Turner partner became prove his financial prowess. After three years in the bot seat his efforts have been bearing fruit recently with the group's debt burden resuming manageable proportions, and profits back in fashion. But the

profits back in fashion. But the latest outline plan to sell off Hongkong Land's auccessful Dairy Farms subsidiary was clearly not to bis liking.

A Wincbester and Oxford man whose society lifestyle has made tim a gossip column favourite. Davies is uncharacteristically reluctant to say too much about his departure from much about his departure from a job which, initially, he pre-dicted would take five years to

Banks in West Berlin are attempting — without much success — to stop their customers from ogling the chequebooks and cash of the person being served by the teller.

This practice is as timebonoured in Germeny as that of not queueing for buses, taxis or anything else. One Berlin bank installed velvet ropes in a bid to get its patrons to wait, as in Britain the US and other countries, several metres behind the customer being served. complete.

He says he has no job lined up. He plans to take a short break in Ireland before going in search of something new. Any property group needing fresh blood at the top? served.

But the Berliners barged through the roped-in area because, one Berlin banker said, anything like a queue reminded them too moch of the post-war era and sbortages.

City friends

Victor Blank, chief executive of Charterhouse, has brought in two new senior men—Tony

Turner and Charterhouse going back to the very origins of the

Victor Blank, chief executive of Charterhouse, has brought in two new senior men—Tony Best as head of banking from Royal Trust of Canada, and Michael Ordish, who joins from City solicitors Clifford Turner as director responsible for compliance.

Ordish's transfer reaffirms a strong link between Clifford Turner and Charterhouse going back to the very origins of the comple's cheques, cash back to the very origins of the other people's cheques, cash investment bouse.

Nutcombe Hume started Charterbouse Investment Trust in 1924 under the guiding hand to protect personal data and to protect personal data and to protect personal data and to protect personal data. of Harry Clifford Turner, the founder of Clifford Turner, Clifford Turner was again helpful to Charterhouse during

The bank has introduced

the Second World War when diagrams abowing the distance

A Berlin banker notes that despite the advice of the banks, customers frequently collect as much as DM 20,000 from a teller and stick the cash in their pockets in full view of everyone, Capital sound

The London commercial radin station Capital Radio has just demonstrated it can handle words as well as pop music by beating the BBC in an international comedy contest for a cup presented by Monaco Radio.

The BBC submitted a programme called The French Connection—a Victorian-type entertainment about the Channel tunnel. Clifford Turner partner became chairman of Charterhouse in the 1960s. Last but not least Victor Blank, before going into

capital's prize-winning programme was La Non-Encylo-pedie du Rock—a parody of rock music programmes in which the station recklessly sent itself np.

Afterwards the BBC rang Capital to ask who had been the translater into French of the "Philippe Bertrand, the programme's engineer," came the

reply.
"You misunderstand, my dear "You misunderstand, my dear lady," said the BBC man. "I am required to inquire about the transference of the language wordage from the initial English, as spoken in this country, to the subsequent French, as spoken in the country of France."

But it had been the engineer —a Belgian by birth. Capital says his English is good too rather better perhaps than that of the man who rang from the

Of no account

The response from a Hong Kong investment house to a reader's queries about a share account:
"We have now rectified the position and all your current account are in NIL balance."

And for further comfort:
"Besides, we have now close your account with us."

Observer



ECONOMIC VIEWPOINT

Profit-related pay comes of age

By Samuel Brittan

THE INITIAL reactions to the Chancellor's Budget remarks about profit-related pay showed the Bratish business and econo-

Some said that hardly any firms would take it up; and others that it would be a gift noted the contradiction between the two criticisms. Industrial relations directors especially were afraid of upsetting their rosy "going rate" annual pay

pists who had for years been arguing that the Govern-ment should "do something" about pay, retreated into nit-picking criticisms. Many com-mentators, who had previously criticised the Government for not being interested in profit sharing, fell silent.

The fact that a Conservative Chancellor had picked up the idea was enough to damn it for

Government has not exactly turned the other cheek to all this criticism. But in the green paper published yes-terday Mr Lawson has shown himself in the perhaps unlikely guise of the "listening Chancellor," and acknowledged that "the conditions for any tax relief needed to be simplified if it was to be attractive and accessible to a wide range of businesses."

The green paper scheme differs substantially from earlier statements. Gone is the suggestion that 20 per cent of a worker's pay packet might have t obe transferred into a profit-related bonus in order to qualify. The bonus can now he as little as 5 per cent of be as little as 5 per cent of the wage bill. It can build up gradually from there, but it does not have to, and there is no requirement for a longer commitment. Moreover, the no requirement for a longer commitment. Moreover, the have some choice in the definition of profits, so long as a context tion of profits, so long



Prof Martin Weitzman

come from a "PRP pool" This could be related either to profits or to the yearly change in pro-fits by a formula of tha employer's choice. In one illustra-tive example, the PRP pool is one-eighth of profits paid in an annual lump sum, when audited profits are declared. In a second

The arrangement could epply to a whole concern or any sec-tion for which audited profits are available. Companies would-have some choice in the definito three years but would be reviewed by future governments in the light of the effects.

This makes it much more like profit-sharing ea employers already know it, and less like a new-fangled pay system.

Nevertheless, if the profit-related element built up to, say, 20 per cent of total pay over several years, the great remuneration or £1.000, which advantage canvassed by Professor Martin Weltman—that of reducing the cost of taking on extra workers in good times, and of providing a cushion for cost-cutting other than by redundancies in bad times—will gradually be injected into the pay system.

The figures would have to conform with normal published and employment.

Nevertheless, the Treasury, several permitted adjustments, including the deduction of tax.

Exemption from tax would seem to have thought that Exemption from tax would seem to have thought that the cost of taking of the effects.

Exemption from tax would seem to have thought that the continuous offer and the original NEDC are remained to the original NEDC and the original NEDC are remained to the original NEDC. It was also too influenced by the supposed unfairness to the first is the foreign and the many of the ineligible workers, being in the public week.

The profit related bosons will be to a celling of £6 a unemployment. Secondly, life is unfair, but the greatest unfair.

% of Pay Exchequer

It is assumed that the average worker is on £19,000 p.a.

As the tabla shows, the Revenue costs of the reliefs are minimal. Most such tablea are in billions of pounds. This one

Unincorporated businesses are eligible, but the public sector is excluded. This leaves about 12m workers theoretically eligible. If the scheme were included in the 1987 Finance Bill, it could be in operation by 1982. by 1988.

If 1m workers had 5 per cent of their pay profit-related the cost would be £36m. Even if, eventually, 3m workers had profits are declared. In a second eventually, 3m workers had example PRP is paid monthly 10 per cent of their pay in this on the basis of provisional profit form, the cost would just figures. In a third example there is a pool, which is increased by successful and 6m workers had 1 per cent for every 2 per cent 20 per cent of their pay under increase in profits and reduced for every decrease.

PRP, the cost would still be below £900m—and this would

> Even then, the gross cost would be much less than the £1.2bn cost of a I per cent reduction in the basic rate;

nesses are suffered by the un-employed, not ineligible not a drawback."

The main hope must now be criticism is that the existing that the interest and contro- "inside" workers will try to versy generated will stimulate employers to investigate profit-sharing. The fiscal incentive has become a lump of sugar, rather than the glass of champagne originally promised.

employed in campaigning for a larger incentive than in negative carping.

Nevertheless, it is easier to campaign for increased fiscal incentives, if the design is basically right, than to put right a faulty structure. The green paper proposals are from this point of view an improvement — not necesimprovement — not neces-sarily theoretically better than the Chancellor's original ideas, but more likely to appeal to British business.

Indeed, the green paper contains a table of companies already adopting PRP including Boots, British Airways, Sainsbury's, Marks and Spencer and the clearing banks. There is no guarantee that they will consider the sains Province of the contains the sains of the contains the sains and spencer and the clearing banks. will qualify for tax relief. But there is at least a hint that they are on the right lines and might not oeed more than a few adaptations to do so.

The green paper tackles three common arguments against PRP. First there is the greater uncertainty of pay levels under PRP. Pay is in any case often already uncertain because of overtime, short-time, plece-work and so on. The workers on PRP trade off slightly greater income uncertainty against income uncertainty against greater (not of course complete) job security. There is an upside misk too. If the more traditional 'advantages of greater employee identification and involvement (at last now dutifully emphasised by the Treasury) are realised, the potential for higher earnings could be important.

The second objection is that if pay is more closely linked to profits, employees will want to involve themselves more closely in corporate decisions, starting green paper bere interest reliefs which do nothing romisingly says that this but harm to the wider economy.

could be important.

The third and most interesting defent the logic of the scheme by retisting the recruitment of new workers, which might dilute profit per head.

The Government here goes In view of the great potential benefits which eccrue not to already employed workers, but to workers who might be priced into jobs — with consequent benefits to national output and to the tax base — employees need not be eligible for PRP, until they have been employed for some minimum put and to the tax base — employed for some minimum priced. (Even Treasury knights know ahour "externalities.")

Critics would be better this is the higgest single employed in campaigning for a more more improvement.

The way is thus open for a relatively non-provocative form of two-tier pay system. Prof James Meade's more far-reaching labour-capital partnerships would probably qualify for tax relief under the green paper, as I think would most employee-owned companies if they conowned companies, if they con-sulted their lawyers or account-

Prof Meade himself went out of his way at a conference last of bis way at a conference last week to say that he was being misrepresented as being opposed to profit-sharing. He was in favour of encouraging a great variety of reforms in paysetting, including profit-sharing.

One worry of Meade's is that profit-related pay might discourage investment by reducing the return to existing share-bolders. This is discussed by Prof Weitzman in a lecture to the Employment Institute. It the Employment Institute. It should bave been bound together with the green paper, for it contains by far the best refutation of current objections, Weitzman points out that in-vestment need not suffer if there is flexibility either in

basic pay or in the profit related More fundamentally, if wide-spread adoption of PRP takes the ecohomy nearer full employment, the beneficial effects on investment will dwarf

any mechanical drawbacks.

There is only one argument against PRP. This is mentioned in the green paper, and is the case for a "neutral tax system, with a broad base, low rates and few specific reliefs". As this case is for the birds as far as the Prime Minister and the Cahlnet politicos are concerned we might as well have some reliefs which can belp overcome stagflation, and not just special interest reliefs which do nothing

UK industrial relations

Why Labour may take a leaf from the Tories

By B. C. Roberts

INDUSTRIAL vere not a major issue in recent by-elections, but what kind of industrial relations systems we are likely to have in the future will be a factor of central importance in the next general election.

The can be little doubt that the radical changes made in the law by the Conservatives relating to the role of the unions and the rights of individual employees and employers have made a significant contribution to raising the levels of efficiency of the British economy. Although union leaders have

Although union leaders have bitterly criticised these amendments to the law, many increasingly recognise that they have been popular with their members, and that some of the changes may have been to the advantage of the unions. They are delighted that all 37 TUC unions with notifical touch be a second to the unions. unions with political funds have successfully held ballots. Per-haps more surprising than union haps more surprising than union opposition have been the fears expressed by a few personnel managers, strongly attached to roluntarism and legal abstention which was the central feature of the classic model of British industrial relations, that the new laws may be encouraging macho management. There is little evidence to support this contention. Most managers, unlike in 1971, believe that the 1980s legislation has brought a better balanced legal framework which they welcome; few bave found it necessay to use the law or contemplate doing so. law or contemplate doing so. They believe that they have done no more than necessary to secure changes essential to the survival of their business that have been understood by their employees and bave not, with isolated exceptions, soured industrial relations. Judged by the level of industrial conflict. these are better in the private sector than for a greet many years. This improved elimate

years. This improved elimate is stimulating more opera, more participative and more constructive ettitudes from both managers and workers, with highly beneficial results in productive performance. The public sector has become the main problem area of industrial relations, largely because it is organised in large units, tends to be bureaucratic and is highly priorited, and because in the

RELATIONS the public by unions with power last in office. Emphesis on inand determination to edvance dividual rights would reduce the interest of their members the role of collective bargeining whatever the cost to the public purse. Whichever party is elected to follow the present government, it will face a difficult problem in the public secgovernment, it will face a diffi-cult problem in the public sec-tor since there is no way in which unemployment can be brought down generally without some restraint on pay increases in the public, as well as private, of the unions.

> provement in efficiency. The TUC and Labour Party committed themselves to the repeal of the 1980s legisletion, lock, stock and barrel, but bave become aware that a great many union members welcome the democratising of union governments and decisions on strike action and they will probably leave these obligations intect, possibly even extending them. The attract-tion of total repeal of existing

The parties may not be as far apart as some members suggest

legislation and its replacement with a system of positive legal rights, in place of immunities, appears to heve faded as they bave come to realise that this could not be achieved without a considerable conflict over exactly where the boundaries of the exercise of such rights should be drawn.

The stralegy the TUC and the abour Party seem likely to follow will be to amend existing legislation on individual em-ployee rights in relation to picketing, union recognition, closed shop enforcement and internal union decisions and elections. There would be e return to a broader definition of a trade dispute and limitations on the dispute and limitations on the granting of injunctions against unions. In addition, it is probable that the unions will seek a restoration of minimum wage requirements, extension of union agreements and possibly provision of compulsory partici-pation rights in certain areas of

management decision making.

The unions and the Labour
Party seem to be suggesting a is organized in large units, teams. Party seem to be suggesting a tobe bureaucratic and is highly partial return to the policies of unionised; and because in the 1970s that falls significantly last resort governments are vulstored of repealing all the nerable to pressures exerted on changes made since Labour was

the unions previously enjoyed, this would encourage resort to conflict and once again lip the balance far too much in favour

It can be argued that the balance now reached between employers and unions is about right. The corpus of protection right. The corpus of protection for individual workers' rights, especially the longer service employees, remains in place, but emendments have made the regulations less onerous on the smaller employer, removing a discouraging factor in the relatively poor record of Britain in establishing new enterprisea. The incitement to irresponsible bargaining behaviour inherent bargaining behaviour inberent in the almost total freedom from legal regulation previously enjoyed by the unions has been diminished, but this bas not prevented them from negotiatprevented them from negotiat-ing rates of pay well in advance of inflation and securing other improvements in conditions of employment. It would be of no benefit to the unemployed, or in the long run to those in work, if the unions were again given a legal status that might encourage them to impose costs on change, as misguidedly as they did in the past.

There are important differences between the parties on the issue of industrial relatioos law reform, but they may not be as far apart as utterances from some members suggest. Since the Alliance is closer to the Conservatives in its policy in this area, only an outright victory by Labour would provide an opportunity for a wholesale reversal of the changes introduced since 1979. Even in troduced since 1979. Even in those circumstances, it is possible thet Labour would retain more of the existing legal framework than might appear likely from past declarations. The possibility that e new model of industrial relations, broadly supported by all parties, owing a great deal to the reforms in-troduced in the 1980s by Mrs Thateber's government, will be in place by the 1990s, is not entirely remote.

Accounting standards ·

(the role of auditors) contains four misconceptions about issues facing the accountancy The latest annual survey of

financial reporting published by this institute does not state that "standards are being widely ignored and companies are failing fully to disclose their results." It does suggest that some standards should be tightened to take eccount of new trends in commercial transactions. The Accounting Standards Committee has this work in hand. It is this process of constant appraisal that has belped ensure that British standards of financial reporting are among the highest in the

The institute is not propos-The institute is not proposing to include in its disciplinary powers firms as well as individuals because "conflicts of interest are intensifying." The recent proposals are designed to recognise that increasingly desirate making and quality. decision making and quality control are undertaken collectively rather than by individual partners within the firms. To account of the organisational structure within which its

structure within which its members operate.
Your leader overlooks the fact that the profession is already supervised by the Secretary of State for Trade and Industry under s.389 of the Companies Act. Thera is no reason to believe that a further layer of supervision would in any way increase the effectiveness of the institute's regulatory processes. Experience of more processes. Experience of more legalistic approaches elsewhere through statutory bodies is not encouraging: they tend to lead to increased complexity, extra burdens on management, con-cern with the letter rather than the spirit of the requirements and to a lack of respon-

siveness to the public interest. Companies large and small exp-2 their auditors to provide a wide range of services. There is no evidence that the There is no evidence that the independence of auditors is being undermined when these services are provided. Indeed it cannot be otherwise. A firm's very survival depends on its integrity, objectivity, and the maintenance of its indepen-

dence. Derek A. Boothman. PO Box 433, Moorgate Place EC2

Letters to the Editor

involved in the design by report on the BES, is to invest legislation of pension funds, as in companies with real growth is now becoming the case, but should provide a minimum state subsistence pension and incen-tives and encouragement to people to save for their retire-

ment.
The state earnings related pension scheme which is e major part of the muddle, owes major part of the middle, owes its existence to the failure of the pensions industry to take enough interest in 50 per cent of the working population to encourage them to make provision for their retirement whether on a personal or a

A further reason for the muddle is again the failure of a major part of the pensions industry to provide pension schemes that are reasonable in the eyes of the members.

The Government has been forced to legislate to ensure that members who leave pension schemes have any real rights at all and, more recently. that their pensions are not left completely unprotected against the ravages of inflation.

The proposed legislation on the over funding of schemes is an attempt to curb the excesses of some companies who to treat their pension funds as a safe haven for profits to be drawn upon at their con-

I deplore the plethoria of legislation that has engulfed pensions in recent years. I believe the situation will only be salvaged if more advisors and actuaries design pension schemes that don't require legislation to make t equitable to all members. Iain B. Walker,

89, High Road; South Woodford E18.

Realising profits

From Mr J. Workman Sir. — Alice Rawsthorn's article (July 5) on the business expansion scheme concentrates on the performance of a number of BES funds seen in the light of the number of failures they have experienced. While this is one measure of performance which is quite unequivocal, it is perhaps unfair to compare the failure rate in funds with those failure rate in funds with those

Sir,—Your leader of July 10 muddle over pensions. That policy of most fund managers, in companies with real growth in companies with real growth prospects. These companies have a higher risk profile: they are more likely to go bust, but if successfully selected the rate of growth achieved by the survivors should more than compensate for the failures. After all, losses, for the higher rate tax payer are relieved at e rate of 60 per cent, while capital gains are now tax free. You can only lose your money once; but you can make it several times over. The key is to realise profits.

J. D. B. Workman. Castleforth Fund Managers, 26 St Andrew Square,

Monetary policy

From Mr J. Derpanopoulos,
Sir, — The incredulity with
which central banks are responding to increasing signs of
world economic recession is
cause for alarm, Industrial profunction is sarging in most if not duction is sagging in most if not all major economies while real borrowing costs (defined as nominal rates minus wholesale inflation) are historically high and in several cases increasing.
Meanwhile oil prices are treading the \$10 per harrel mark, commodity prices are back to their 1974 level (even when ex-

pressed in depreciated dollars), and Third World problems are approaching insurmountable levels. While the official justification while the omcial justification for moustary orthodoxy remains the rapid rates of money growth, nothing demonstrates better the pitfalls of this argumant than a breakdown of tha last batch of monetary statistics in this country. While sterling M3 rose by another 12 per cent dashing hopes for a base rate cut, nobody paid the right attention to the fact that most of

this bulge was attributed to house purchases. Thus industry is being clearly penalised by high real borrowing costs as a result of events taking place in a different and unrelated sphere of the economy.

While everyone seems to be concerned about the inflationary implications of rapid monetary growth, debt being the other side of the coin of "money" or liquidity can be deflationary Moorgate Place EC2

Moorgate Place EC2

Middle over

Middle over

Middle over

pensions

From Mr I. Walker.

Sir.—Of conrse you are right in your editorial (July 2) to say that the Government is in a specific to the content of the as witoessed by the LDC situa-

developed world today. Mean-while one should not be sur-prised to see UK, US and other heavily indebted consumers suf-fer declining living standards (and hence lower consumption levels thereby reinforcing the deflationary trend) so as to pay off their consumer debt and

It is about time that policy makers paid more attention to the real economy (including the bousing market) and less to the money supply for which experience shows they have insuffi-elent understanding of. If they are concerned, for instance, that the London property market is acquiring the characteristics of a speculative bubble, they could well enforce tighter borrowing criteria for mortgages. John Derpanopoulos,

Sarasin International Securities, 5-6 St Andrews Hill EC4.

Access to records

From the Registrar, Data Protection Registrar

Sir,-Since my report to Parliament last week there has been comment on the right under the Data Protection Act 1984, for individuals to have access to their medical records which are held on a computer. The Act allows an order to be made which could remove or modify this right and the Department of Health and Social Security has been taking

Social Security has been taking views on this.

The issue is complex and sensitive and e wide range of views are held by doctors and others. I should be grateful for the opportunity to make my own views clear.

The removal of the right would not be consistent with

would not be consistent with the spirit or intent of the Act, or the Council of Europe Convention the Act seek to ratify; the modification of the right in particular circumstances, where to give an individual medical information would seriously damage him or her, could be consistent with the Act and the convention, both of which seek to benefit the individual. Tha be delayed in order to give a doctor time to counsel his or

her petient.
The mechanism by which a modification could be imple-mented would need careful conright of appeal by the individual to the registrar or the courtsother "tests of prejudice" in the

Overall, as stated in my annual report, I believe that any order should change the rights conferred by the Act as little as possible. Whether an order will he made and its eventual form are ultimately matters for the Secretary of State and Parlia-

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Dutch built their great trading and commercial empires in the

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FINANCIAL TIMES

Wednesday July 16 1986



Hussein claims PLO has interfered in Jordan

By Tony Walker in Amman

KING HUSSEIN of Jordan has accused the Palestine Liberation Or-ganisation(PLO) of interference in his country's internal affairs. He in-dicated this was the main reason for last week's expulsion of a senior PLO official and the closure of offices operated by Mr Yassir Arafat's mainstream Fatah faction.

The King, at his palace in Amman, said that the PLO had attempted to influence the outcome of a recent hy-election in the north of

"We have conclusive evidence." he said. "There was interference in terms of payments hy the PLO to help a candidate (in the hy-election)

He also claimed that the PLO was involved in disturbances earlier this year at a university, which left three dead when security police

stormed the campus, This is the first time King Hussein has explicitly accused the PLO under Mr Arafat of meddling in Jordan's affairs since the two were estranged late last year when a joiot PLO-Jordanian Middle East peace initiative collapsed.

Jordanian officials said last week's expulsion of Khalil al Wazir, Mr Arafat's deputy, and the closure of 25 Fatah offices was in response to a Fatah revolutionary council statement criticising Jordan's poli-cy towards Palestinians.

King Hussein, in a speech on February 19, decounced Mr Arafat as an unreliable partner in the search for a settlement of the Arab-Israeli dispute. The Jordanians claim that the PLO leader reneged on numerous promises to accept the United Nations Security Council's resolution 242 that implies recogni-tion of Israel's right to exist within

secure pre-1967 war boundaries. This was to be the price of PLO participation in renewed peace ef-forts supported by the US and possibly leading to an international conference at which all parties to the Middle East dispute would be represented, plus the five perma-nent members of the UN Security

Other points made hy King Hussein at a lunch attended hy a group O He plans to resume attempts to revive reconciliation moves be-

tween Syria and Iraq.

The Arab world, be said, was fecing its most dangerous challenges, because of interval divisions and external threats, since the Arab revolt early this century.

O US credibility had suffered a serious series of hlows in Arah eyes

and America's position in the region was "getting worse."

O He was worried about a mass exodus of Palestinians from the occupied territories that would cause serious problems in Jordan. Jordan

nomic development plan for the West Bank. He was pessimistic about a re-sumption of Middle East peace efforts, although he was rommitted to

keep trying.

bad therefore proposed its 51bn eco-

Paris boosts Normed zones

Continued from Page 1 administrative procedures and pos-sihly reductions in employers' so-

cial security contributions.

Mr Madelin has long been an advocate of such zones for France in the belief that they have succeeded in Ireland and Britain, and thus threaten to divert investment from

Mr Madelin also promised special assistance for subcontractors and suppliers of Normed hit by the com-

pany's hankruptcy.

France's gross domestic product rose by a revised 0.1 per cent in the first quarter of this year, based on 1970 prices, compored with a provisionally announced growth figure

Howe seeks US support for mission to S. Africa

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN LONDON

ington tomorrow and Friday for ordinating the Western nations' polcy towards South Africa.

lend added weight to next week's mission by the Foreign Secretary to South Africa, during which he is due to meet President P.W. Botha. Sir Geoffrey is undertaking the visit as president of the European Community's Council of Ministers.

After the disappointing results of his visit to a number of hlack African states last week, Sir Geoffrey clearly feels the need to hroaden the authority behind his mission. If be can win Mr Shultz's backing for the EEC's proposals for the opening of a dialogue between the Pretoria Government and South Africa's hlack leadership, President Botha will be less inclined to reject them Mr Derek Thomas, director of political affairs at the UK Foreign Office, was sent to Australia and Japan last week to try to persuane the

itiative. Sir Shridath Rampbal, the Commonwealth Secretary-General, said in London yesterday that sanctions

Geoffrey's South African peace in-

Foreign Secretary, will visit Wash- shown even a glimmer of response. Sir Shridath, however, appeared talks with Mr George Shultz, the US Secretary of State, aimed at cotions stand of the majority of Comby towards South Africa. monwealth members and the lierce opposition to economic sanctions expressed by Mrs Margaret Thatcher, the British Prime Minister.

To be effective, sanctions had to be substantial and concerted, Sir Shridath said at a lunch organised hy the Diplomactic and Commonwealth Writers' Association. "But they need not, at this point, be com-

prehensive or general."
The Commonwealth Secretary-General stressed that, at last October's summit in Nassau, the Commonwealth countries foresaw a staged approach towards South Africa, with progressively stronger measures being applied if neces-

sary. A full trade emhargo would be aprent to any retaliatory measures which Pretoria might adopt against the African frontline states. Sir Shridath, who said he had fre-

two Governments to support Sir quently given a warning that the current differences between the British Prime Minister and other Commonwealth leaders contained were "the only method of persua- the seeds of a serious crisis, never-

SIR GEOFFREY HOWE, Britain's sion to which Pretoria has ever theless made it clear that he wanted this month's Commonwealth Games in Edinburgh to go ahead. He said he had sent a personal appeal to all the participating countries not to boycott the games as

long as there was the slightest

chance of reaching a compromise

on sanctions against South Africa. The issue of sanctions will be dis cussed at a mini-Commonwealth summit in London at the heginning of August. Sir Shridath said that if no agreement was reached on that occasion, an emergency meeting of ail the member countries was a

'probable option.' Peter Riddell, Political Editor, writes: Sir Geoffrey Howe made clear in London yesterday that further measures against South Africa would be considered if the current round of diplomatic contacts with Pretoria failed to make progress. At a private meeting of the UK Conservative backbench foreign af-

plied only in the very last resort lairs committee. Sir Geoffrey reand be kept in reserve as a deter-MPs present for his mission to South Africa. Earlier, in the House of Com-mons, Mrs Thatcher said several heads of Commonwealth countries

shared her opposition to general

Britannia Arrow chief ousted by media group shareholders

BY CLIVE WOLMAN IN LONDON

company, was forced to resign yes-terday by the two national newspaper chiefs whom he had welcomed

paid £140.000 (\$208,000) a year, had come under mounting pressure to resign over the past two months from Mr David Stevens, whose company cootrols Express Newspa-per, and from Mr Robert Maxwell, chairman of Mirror Group Newspapers. Their companies have huilt up a 30 per cent stake in Britannia Arrow over the last eight months.

marysts yesterday viewed Mr Newman's resigna-tion as the consummation of a com-some loyal lleutenant to manage plex and carefully-prepared plan hy Britannia for him." MIM, the investment management company led by Mr Stevens, to remove itself from the control of Aetne Life and Casualty, the US Insurance company, and take over Britannia Arrow. The combined MIM- on a three-year rolling contract Britannia company now has C8.5bn of funds under management. with Britannia and is thought to be receiving compensation of close to

about Mr Newman's replacement or the replacement of two other Bri-nia has been huilt up by Pergamon

THE CHIEF EXECUTIVE of Britannia Arrow Holdings, the UK's signed in the last few days. These largest quoted fund management were Mr Paul Field, the managing aged by MIM, MIM was sold to Actdirector of Britannia unit trusts, and Mr Boh Dellow, the chief dealer, who bad assumed responsibility for Investment. But Mr Stevens, who is executive chairman of Unit-

ed Newspapers, the owner of the Daily Express and The Star, is expected to assume effective control of Britannia, even though Mr Geof-frey Rippon, a former Conservative Cabinet minister, is remaining as According to Mr Philip Gibbs of stockbrokers Laing and Cruick-

hour day, six days a week, so he Mr Newman yesterday maintained the silence he has kept during the last few weeks while he has been locked into negotiations with

Mr Stevens on his future. He was

receiving compensation of close to No announcement bas been made £500,000.

na last year hy the merchant bank Samuel Montagu which overruled the objections of Mr Stevens and other executive directors.

Mr Newman originally welcomed the stake taken in December by MIM and hy Mr Maxwell as it was used to block a hostile £280m takeover hid for Britannia by Guinness Peat, the UK banking and invest-ment group. In March, Mr Newman agreed to huy MIM from Aetna for £40m and merge the fund management operations. MIM's strong inshank: "Mr Stevens works a 16-hour day, six days a week, so he pension fund clientele was seen as customer base of small investors and its marketing expertise which, hy a consistently poor investment

> Mr Stevens then took charge of the investment management arm of Britannia and insisted on moving all the managers into MfM's headquarters just east of the City of London. Mr Newman then claimed that a campaign of attrition was be-ing waged against him designed to undermine his authority.

Oklahoma bank rescued

Continued from Page 1

Square, US hank regulators tried to limited participation preferred inject some discipline into the stock, with dividends based on fu-hanking community hy allowing ture operating results of the hank. higger depositors to lose part of It hopes to recover some of its mon-

their money. However, this caused considerable nervousness in the financial markets, and since then regulators have made clear that depositors are not going to lose any money, in an effort to prevent a flight of deposits away from troubled hanks like First National Bank and Trust Company

sponsible for supervising failed in-patch. stitutions, yesterday repeated its

The expiry of the provision in the assurance that all depositors of the

Garn St Germain Act of 1982, which bank will be protected, although it authorised the FDIC to solicit bids is only legally liable to protect the first \$100,000 of a customer's depos-

The closure will cost the FDIC a der for bank regulators to rescue substantial amount of money. It is troubled institutions. Since the paying a "negative premium" of start of the year, First National had \$72m to First Interstate to encourage it to come to its rescue, and will retain \$418m of troubled loans. Federal Reserve Bank of Kansas The FDIC will receive an issue of

ey through the liquidation of the \$418m of troubled loans, and notes that its claim will have priority over the claims of sharebolders of the

closed banks. Although the closure of the Oklahoma hank had little impact on the financial markets yesterday, it underlines the serious problems that of Oklahoma City.

The Federal Deposit Insurance
Corporation (FDIC), which is renancial institutions in the US oil US hank regulators face in trying to

from out-of-state banks for failed banks with \$\$500m or more in as-sets, will make it considerably harlost more than a fifth of its deposits,

Guinness to take vote

Continued from Page 1 of the new board. There has to be a proper balance of executive and non-executive directors."

Mr Saunders was said to be too husy to comment on the new board structure. But Mr Tom Ward, an American lawyer and non-executive director of Guinness appointed two years ago, said that there would be representatives from Distillers.

Mr Ward denied that Guinness had been subjected to pressure and said that Sir Thomas and a substan-tial number of financial institutions had been consulted over the board

But Sir Thomas said in a statement that he did not know the reasons for Guinness's decision to withdraw its invitation to him to become non-executive chairman of the combined group. He said that press speculation that it was linked to demands made by him in relation to the banking business of Guinness was wholly without foun-

UK-Soviet agreement

Continued from Page 1 settlement, although the date of registration of other types of claims will be set later.

The settlement involves an agreement between the two governments to waive all claims on each other and share nut the money that is actually available. The British Government has agreed to forgo a share in the distribution, although it originally held £500m in Russian deht, which Foreign Office officials calculated would be worth £46bn after adjusting for inflation and ac-

originally amounted to Ethn in re- decline in oil prices, might turn its spect of losses caused during Brit- attention to the Eurobond market ish involvement in Soviet Russia as a means of diversifying its between 1918 and 1921, source of funds.

Mr Eggar said he expected the Soviet Union to reach similar agreements soon with other countries, hut be warned against the assumption that Britian's willingness to settle this dispute implied that an agreement with China on outstanding claims was also imminent. "Having seen the Russian claims I would not rush out and buy Chinese bonds," he said.

The settlement prompted specu-lalion that the Soviet Union, which is an active international borrower in the Eurocredit market and needs The Soviet claim against the UK fresh foreign finance to offset the

UK scales down plan to link pay to profits

MR NIGEL Lawson, Britains Chancellor of the Exchequer, yesterday

lowered his amhitions for encouraging employees to link part of their pay in their employers profits in response to criticism from industrial-

He has halved the tax relief he proposes to give to workers on average earnings who accept profit-re lated pay to a maximum of £12 (\$18) a month. At the same time, he has cut from 20 per cent to 5 per cent the proportion of a worker's pay that needs to be linked to profits in

order to qualify for the relief.

The proposals are contained in a
Green Paper (discussion document)
entitled "Profit Related Pay." published yesterday jointly by Mr Lawson, Lord Young, the Employment Secretary, and Mr Paul Channon, Trade and Industry Secretary. They aim to increase the flexibili-

ty of wage structures in the UK in order to improve employees' moti-vation hy making them identify more closely with their companies, and to improve employment stability and economic growth.

An earlier set of draft proposals presented in April to the National Economic Development Council, of-fered more tax relief, but imposed more severe conditions. At least 20 per cent of pay would have had to be linked to profits in a scheme running for at least three years.

Mr Lawson said yesterday that after discussions on these proposals it had become clear that very few employers would adopt profit-relat-ed pay schemes If the qualifying hurdle remained at 20 per cent.

The Government is not yet com-mitted to giving tax relief for profitrelated pay, but legislation could be included in next year's Finance Bill.

Mr Lawson said that if 2m workers earning close to the average wage took advantage of the schem each linking 10 per cent of their pay to their companies' profits, it might cost the Government around £150m in lost tax revenues.

He declined to say what sort of gains in employment he expected to result from the introduction of prof-It related pay.

"Anything we can do to remove

and improve the flexibility must be good for jobs," Mr Lawson said. "I do not want to oversell this, be cause it will bave long-term bene

The discussion document was greeted yesterday with cautious approval by employers, and with grea-ter wariness by trade unions. Sir Terence Beckett, director general of try (the employers' organisation), said be was pleased to see the in-creased flexibility of the latest pro-

The Government is seeking re sponses to the paper by October 17. Editorial comment, Page 18; Economic viewpoint, Page 21

Lawyer quits during Levine investigation

By Terry Dodsworth in New York

A PARTNER at Wachtell Lipton, one of Wall Street's leading corpo rate law firms, has resigned in the involving Mr Dennis Levine, the former investment banker who has agreed to give up \$11.6m in alleged

illegal share trading profits.

Wachtell Lipton said yesterday
that Mr Ilan Reich, who became a "under investigation" in connection with the Levine case. It added that the firm was co-operating closely with the Securities and Exchange Commission, the watchdog for the US securities industry, and that the conduct under investigation was understood to relate to a time when Mr Reich was an associate of the

firm before becoming a partner at the beginning of January 1984. The naming of Mr Reich is an-other heavy blow to Wall Streets reputation at a time when it is reel ing from three separate insider trading cases in a period of about three months. It comes only two weeks after two leading merger and acquisitions experts working at Lazard Freres and E.F. Huttoo agreed to pay back more than \$3.5m of gains in a settlement of a civil suit in which they were claimed to have collaborated with Mr Levine.

Wachtell Liplon, along with Skad den Arps, is one of the two most prominent acquisition specialists, and has been intimately involved in the takeover boom over the last three years. It is highly respected and has developed several of the most effective takeover defence mechanisms used in the hig acquisition hattles over the last few years. THE LEX COLUMN

The importance of being honest

Having a passing knowledge of acquisition accounting, Mr Ernest Saunders should know all about goodwill. But it will be a long time before anyone loses such accumulated City of London goodwill in the space of a day as Mr Saunders has achieved by a shameless diver-gence from the terms of the "merger" with Distillers.

The proposal to create a holding ompany for Distillers/Guinness inder the chairmanship of Sir Thomas Risk was clearly designed to swing the Scottish institutional vote behind the DCL recommendation of Guinness. There is no way of know-ing whether the absence of such a commitment to Scottish piety would have let Argyll carry the day in-stead, and there is clearly no way that the London Stock Exchange, the Takeover Panel or any other authority can order a replay. Whether the handball that scored the winning goal was deliberate is some-thing which Mr Saunders can hard-

What must be explained in detail, before the proposed extraordinary meeting, is the reason for Guin-ness's swerve away from the policy to which it committed itself in the most explicit documentary way. The reasons given hitherto are vague to the point of being an in-suit. Certainly Sir Thomas Risk appears mystified as to the nature of the disagreement be is supposed to have had with the Saunders man-

Guinness has already lost the services of Wood Mackenzie as a result of its high handedness, The Bank of England, gaily ambling into the path of the Takeover Panel, seemed path of the Takeover Panel, seemed to see no reason why all of Guinness' advisers should not resign. The decision of Morgan Grenfell and Cazenove to stay was secured only by Guinness's last minute agreement to subject liself to an extraordinary meeting, at which a revised plan for the appointment of non-executive directors will be heard. It seems that Scottish blood is no longer a requirement for these is no longer a requirement for these posts, the important thing, for the vastly expanded number of Guin-ness shareholders, is that the mercurial management should be provided with an authoritative check.

eisure/

ment to the Distillers assets, it

culars will have yesterday's events

An acquisitive conglomerate bids

better in future. The story has been told more than once this year. But it

happened to Bestobell in 1979 when

BTR just failed with a takeover. Bestobell's history since, up to yester-day's hid from Meggitt, BTR's pro-

tege, should give other corporate es-

capees pause for thought.

If those institutions had accepted
BTR's share offer they would have
had by far the better investment,

since Bestobell's revival proved

short-lived. Profits are recovering nace more, and perhaps Bestobell's

defence will contain forecasts as

surprising to the market as those of

other target companies. It can also argue that it has installed new man-

Meggitt/Bestobell

Intl. Leisure

The price war in the tour operating business has worked its magic International Leisure Group, which would be surprising if even now Mr Saunders failed to carry the day. The institutions who have bought the Guinness proposition already may be a little rueful. Sut readers of any future Guinness listing partitions and the surprise of any future Guinness listing partitions. may be a little rueful. Sut readers of any future Guinness listing parti-high volume, low margin and geared to the teeth, the effect can be dramatic. Last year, a margin of a couple of pounds a passenger left tour profits down a third and pretax profits, net of disposals, fell 35 per cent to £8.8m. This summer, the net effect of fewer discounts but for a solid company which has gone through a had patch. The victim wriggles free at the last moment, with the help of its institutional shareholders, after promising to do hetter in first and the company of the compa lower brochure prices should still leave room for both sets of profit to double for the year.

Meggitt's own forecast. The backing

of BTR, which will end up with a 25 per cent stake in the new group in

return for a 29 per cent stake in Be-stobell and its Serck Baker subsid-iary, says it all. BTR knows both

managements well and its choice of

Meggitt's to run the business was hardly made in a fit of pique. If Meggitt should, like Bestobell, fail

to perform to BTR's standards, another hid could no doubt be engineered in 1993.

The market is willing to attach the magnificent multiple of eight to this year's earnings, at yesterday's price of 126p, down 1p. This could be because the market holds Inter-national to be just a renamed Inta-sun, geared as ever in balancesheet and operations to commodity markets and reliant on corporate false moustaches. The most recent of these is the new Air Europe, which at the cost of £40 in paint per aircraft will provide a useful Span-ish domicile for hits of the Air £urope fleet. The disguises that attend the expansion into Germany scarcely bear thinking about

The market needs no reminding agement. But after winning and out or aircraft or and disappointing since, can investors afford to give Bestobell another ship. It bas yet to credit International for the attack on operating same class that BTR was even in successful commodity operation. If 1979. Its new management still has a short record, even if it has been known to the City of London before, the CS9m hid is worth more than it is the bunch – rather than interthe Guinness triumph was a belief Meggitt, and Bestobell's profits this national's earnings - that will take in applying Saunders-style manage- year are likely to be around twice the chief strain of price pressure.

NOTICE OF REDEMPTION

TO THE HOLDERS OF I.C.I. INTERNATIONAL FINANCE LIMITED

8¹/₄ per cent. Guaranteed Bonds 1987

Notice is hereby given that I.C.I. International Finance Limited will on 1st September, 1986 redeem the whole of the principal amount of the Bonds outstanding at par pursuant to Condition 5 of the Bonds.

Payment will be made on and after 1st September, 1986 against presentation and surrender of Bonds with Coupon due 1st September, 1987 attached at the offices of Morgan Guaranty Trust Company of New York in New York, London or Tokyo. Coupon due 1st September, 1986 should be detached and collected in the usual manner.

From and after 1st September, 1986 the Bonds will no longer be outstanding and interest thereon shall cease to accrue.

15th July, 1986

I.C.I. INTERNATIONAL FINANCE LIMITED

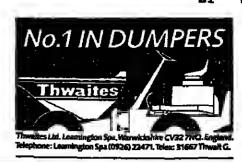
Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to withhold 20% of any gross payments made within the United States to certain holders who fail to provide us with, and certify under penalties of perjury, a correct taxpayer identifying number (employer identification number or social security number, as appropriate) or an exemption certificate on or before the date the securities are presented for payment. Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday July 16 1986



Meggitt in £89m bid for **Bestobell**

By Charles Batchelor in London

MEGGITT Holdings, the UK specialist engineering group, yesterday launched an £89m (\$134m) takeover bid for Bestobell, a supplier of elec-tronic and mechanical components which has recently been recovering from losses on two large Australia

Bestobell, which has long been the subject of takenver speculation, rejected the offer.

Meggitt's bid has the backing of

BTR, the diversified conglomerate headed by Sir Owen Green, which made its own unsuccessful takeover bid for Bestobell in 1979 and was left with a 24 per cent holding.

BTR will vote its Bestobell stake now 29 per cent - in favour of the bid and will gain, as a result, a 25 per cent holding in Meggitt. This stake is covered by an agreement which restricts BTR's freedom to increase its influence or to sell the

shares in a large single block.

The Meggitt hid follows closely on the failure of two recent takeover attempts in the UK engineering sector, the £220m bid from Siebesfor APV Holdings and Evered Holding, £160m offer for McKech-

Mr Ken Coates, Meggitt chief executive, said: This is not a financial. or conglomerate operation. This is an attempt to strengthen the com-pany in specific areas. This looked the quickest way for us to develop Meggitt as a significant engineer-

Mr Coates and his finance director, Mr Nigel McCockell, have revitalised Meggitt over the past three years, moving from losses into profit and increasing its market capitalisation from just £800,000 to £65m.

It yesterday forecast pre-tax profits would rise to £3.9m in the year end-ing October 1986 from £2.12m last saw earnings increase to \$64.9m from \$62.2m in the same period a year earlier, equal to an increase from \$1.25 to \$1.26 per share. Sales edged up by 4 per cent to \$711m from \$652m.

Honeywell hit by computer market slump

By Our Financial Staff

HONEYWELL, one of the leading US computer groups, was hit by the continuing weakness in its domestic computer markets in the second quarter. Net earnings fell 31 per cent to \$36.1m or 80 cents a share from \$52.5m or \$1.14, as reported in later editions yesterday.

This left the six-month total down at \$62.3m or \$1.37 from \$98.7m or \$2.14 a year ago: Sales for the half year were ahead at \$3,23bn com-pared with \$3,03bn, with a rise to \$1,73bn from \$1,55bn in the latest

Honeywell said its information systems division operating profits for the quarter were down sharply from last year and operating profits for control products also declined. Control systems profit was flat, while aerospace and defence profits improved compared with last year. International orders were up substantially compared to last year, BIGGEST US BANK MOVES TO BOLSTER LOAN LOSS RESERVES AND CAPITAL

Citicorp earnings slide 6%

BY WILLIAM HALL IN NEW YORK

CTITCORP, the biggest US banking quarter compared with the end of group, yesterday reported a 6 per the first quarter. The allowance come to \$225m partly as a result of compared with 0.95 per cent a year ago to \$10.5m, reflecting the continuing 1.70 per cent of loans at the end of the leading Texas banks, yes 6.06 per cent and its reserve for terday reported a 65 per cent drop loan losses has been raised from in its second quarter net income to 1.41 per cent of loans a year ago to \$10.5m, reflecting the continuing 1.70 per cent of loans at the end of the leading Texas banks, yes 6.06 per cent and its reserve for terday reported a 65 per cent drop loan losses has been raised from in its second quarter net income to \$225m partly as a result of compared with 0.95 per cent a year. steps it is taking to strengthen its loan loss reserves and capital posi-

Citicorp's individual banking business increased its earnings by institutional relationships opera-tions, which cover the delivery of products from the institutional and evestment bank, increased profits by \$3m to \$183m.

However, the group's investment banking business reported n \$20m drop in earnings to \$92m reflecting lower trading earnings (down nearly \$60m) and continued strong expease growth reflecting "the cost of building global investment banking capabilities."

It is clear that the group's earnings are also being affected by a committment to strengthen its halance sheet. The group's allowance for credit losses was increased by \$110m to \$1.48bn in the second

BY ADRIAN DICKS IN NEW YORK

TIME and McGraw Hill, two of the

biggest US publishing and informa-

For the first six months, McGraw

Citicorp's fully diluted earnings per share fell by 12 per cent to \$1.60 in the istest quarter. It is the third consecutive decline in the New 16 per cent to \$100m and the group's York group's quarterly earnings institutional relationships opera- and its performance contrast with tions, which cover the delivery of the strong earnings gains being reported by many of its rivals. Security Pacific, the big West

Coast banking group, yesterday re-ported n 18.1 per cent rise in its secported n 18.1 per cent rise in its second quarter net income to \$93.5m and Wells Fargo, which recently acquired Crocker National from that the group made significant additional provisions during the quarters. ings to \$66.1m. Although the bulk of major US

banks have been reporting strong profit growth in the latest period, helped by lower funding costs and increased lending volume, the re-sults continue to be patchy.

Time and McGraw-Hill profits

edge ahead in second quarter

problems in the south-western June 1986. economy caused by the slump in For the the oil and gas industry and the re-

cession in the real estate business. Manufacturers Hanover the fourth biggest US banking group, reported a 4.7 per cent drop in secand quarter net income to \$93.9m but managed to push its earnings per share 2 cents higher to \$1.98 because of lower preferred dividend

ter to strengthen the reserve to possible loan losses. "Coupled with first helf net income to strong earlier capital additions, this has net income per share rose by 15 cents, to \$4.13 during the six month capital and nearly tripled our loan loss reserve since the start of 1982." At the end of the second quarter, the bank had a primary capital ra-

terday reported a 66 per cent drop loan losses has been raised from in its second quarter net income to 1.41 per cent of loans a year ago to \$10.5m, reflecting the continuing 1.70 per cent of loans at the end of

For the first six months of 1986 Citicorp's net income is 4 per cent lower at \$505m, and fully diluted earnings per share are 9 per cent down at \$3.47 per share. Citicorp's shares fell by \$1% to \$56% in early trading yesterday. Security Pacific's earnings in the first six months rose 18.8 per cent to

\$181.4m and earnings per share rose 10.6 per cent to \$2.30. The group's shares slipped by \$1/4 to \$21% in early trading yesterday. Manufacturers Hanover, whose shares slipped by 5% to 546 early

period.

Wells Fargo's six month earnings totalled \$117.7m or \$4.59 per share compared with \$92.4m or \$4 per

share in the same period last year. Underlying

By Our Financial Staff

Boise Cascade

growth for

UNDERLYING net earnings at Mr Joseph Dionne, McGraw's marginally to \$62m (98 cents a president, said there had been share) from \$80m (94 cents a share) Boise Cascade, a leading US forest-products company, showed growth in the second quarter. Reported net a year earlier. Sales rose 8.57 per cent to \$945m from \$884m. Six month net earnings grew to \$112m (\$1.78 a share) from \$104m (\$1.84 a earnings were \$31.3m, against \$31.7m, for an unchanged \$1.07 a share. However, the previous year's share), on sales of \$1.8bn against earnings included a 32-cents-ashare gain on the sale of a market Time announced last month a massive share repurchasing pulp mill in Canada, scheme which could involve its buy. Revenue for the Revenue for the quarter was

down at \$945m, compared with \$955m, for an unchanged six-month the time that the shares could be total of \$1.9bn. Half-year profits were \$56.3m or

used in future acquisitions, which the group has hinted may form a \$1.09; against \$65m, or \$2.19 a year key part of its continuing restructions when there was a 45-cents-aago when there was a 45-cents-a-

Oil price fall lifts Gotaas Larsen

By Our Financial Staff

GOTAAS-LARSEN Shipping of the US has benefited from both the sharp drop in crude oil prices, which has boosted demand for oil tankers, and substantially lower net

Net profits for this oil and gas tanker operator and charter confrom \$3m, or 27 cents a share, to \$8.8m, or 64 cents. This took the half-year total to \$15.6m, or \$1.25, compared with \$7.8m, or 88 cents a year ago.

Revenue for the three months was little changed at \$44.05m, taking the six months figure to \$84.41m, against \$82.72m last time. At the operating level there was a 9 per cent rise to \$14.67m before net nterest costs of \$5.84m, compared

The growth in operating profit arose mainly from improved results from tankers. A surge in demand for oil tankers in the Middle East has pushed up charter rates available to the company's three very large crude carriers and to a lesser extent to its three chemical carri

The cruise business benefited from the reluctance of Americans to travel abroad in recent months.

Lower debt levels and interest

rates cut the interest charge. The company has now fixed a large por-tion of its floating-rate debt for several years to come and is considering other debt restructuring. On outlook the company says that while better tanker rates may

not be sustained the results from this activity should be significantly better in 1986 than last year. Gotaas-Larsen's fleet consists of

21 vessels including five liquid natural gas carriers, four crude carriers and six passenger cruise liners. Its shares are listed on the London Stock Exchange and traded over the counter in the US on Nas-

GTE income rises by 8% in second quarter to \$309m

GTE, the US telecommunications 7.8 per cent - a slower rate of and electrical equipment group, has announced a rise of 8 per cent in second quarter net income to \$309m from \$265m during the same period a year earlier. Earnings per share during the period were up 4 per cent to \$1.38 from \$1.33 on a slightly reduced number of shares outstand

Reveoues were also up 8 per cent from the year-earlier period, in-creasing to \$4.2bn from \$3.9bn. Mr Theodore Brophy, the GTE bairman, expressed satisfaction at the second quarter results, achieved in a period of sluggish economic m a period of sliggish economic performance. All parts of the group were said to have performed well with the exception of electical prod-ucts, which suffered from lower re-

During the period GTE's teleshort term.

phone revenues increased by 8 per GTE has

nies had each experienced difficulty in making their operations profi table on their own, and have pinned their hopes on a pooling of re-

growth than the 8.9 per cent registered a year earlier.

The company, previously known as General Telephone and Electronics, has now formally merged its

Sprint and Telenet systems with

United Telecommunications' simi

lar businesses. US sprint, as the venture will now be called, will be

the country's third biggest long-dis-

tance telephone and data communi

For the time being, US Sprint is still engaged in constructing the first all-digital, fibre optic network and this is expected to continue to weight on performance during the

GTE has also announced a pro cent from the previous year to posed joint venture with Fujitsu, \$2.6bn. Long-distance and customer the leading Japanese computer calling lines in service grew at a slower pace than a year earlier, companies private automatic while long-distance calls were up by

Italcable to acquire 20% of Voice Mail

BY ALAN FRIEDMAN IN MILAN

traffic, announced yesterday the acquisition of a 20 per cent shareholding in Voice Mail International, a California-based company which manufactures and markets re-corded voice communication ser-agreement with VMI (of Cupertino,

TTALCABLE, the state-controlled tional (VMI). The investment is decompany which handles Italy's in- signed to strengthen Italcable's tercontinental telecommunications presence in the US and to gain access to developing technologies in the value added market.

Mr Ernesto Pascale, Italcable vices and systems.

Italeable, which is controlled by the IRI-STET state holding group, said it was paying \$4m as "an initial investment" in Voice Mail Internations sector.

agreement with VMI (of Cupertine California) follows several agreement with VMI (of California) follows several agreement with VMI (of California) follows several agreement with VMI (of California) follows several agreement w

Surprise \$29.6m loss for Kaiser Aluminum

ingest US publishing and mormainon groups, yesterday reported
modest second quarter gains.

McGraw Hill, the publisher of
business magazines, books and financial information which has in
recent years been building up its interests in electronic information,
showed a 7.5 per cent increase in
second quarter earnings in \$37.2m

which suffered from growing softmess of the measure advertising

second quarter earnings to \$37.2m ness of the magazine advertising (73 cents a share) from \$34.6m (68 market.

Cents a share). Sales during the period increased 5.3 per cent to \$378m encouraging, and added that the

BY OUR FINANCIAL STAFF

KAISER Aluminum & Chemical, the third biggest US aluminium producer, has reported a surprise \$29.6m or 69 cents a share loss in the 1966 second quarter, a sharp re-verse from profits of 14 cents a share in the first three months of

the year.

The latest loss comperes with a deficit of \$32.1m or 76 cents n share a year ago, and leaves a six-month loss of \$22.4m, down from a deficit

of \$57.5m in the first half of 1985. The latest second-quarter loss is struck after \$6.4m of tax credits, compared with \$24.8m n year earli-er. Last years results have been restions and accounting changes.

tated to reflect discontinued opera-Sales rose from \$517.7m to \$554.2m in the quarter, and from \$969.7m to \$1.08bn in the first half.

 Dekalb, the Illinois-based seed company which has been expanding its energy-related activities, has reported a \$51.2m third-quarter loss following a \$49.1m writedown on its energy activities.

encouraging, and added that the outlook for the second half of the

year was showing signs of improve-ment despite the advertising out-

At Time, the big publishing and cable television group, second quar-ter net earnings advanced only

The loss compares to net profits a year ago of \$5.5m or 45 cents a share. Revenues fell from \$158.1m

Dekalb is a leading corn and sorghum seed producer, and has other farming activities. However, energy-related businesses contributed more than 75 per cent of op-erating profits in the last financial year, when total net profits were \$20.1m.

The company said yesterday that an after-tax writedown of \$29.6m related to its US oil and gas explora-

Rohm & Haas confident for full year

By Our Financial Staff

ROHM & HAAS, the Philadelphia based plastics and chemicals group, yesterday reported lower second quarter earnings but expects higher profits for 1966 as a whole despite n lack of strong economic expansion in the US."

Profits for the latest three-month period fell from \$41.4m or 50 cents a share to \$33.1m or 48 cents, which includes charges of about \$22.1m.

This covers settlement of court cases concerning the exposure of employees to bis-chloromethyl ether, writedown of excess seed stocks and the sale of a South African sub-

Stripping out the charges, earnings improved, due mainly to stronger European currencles and the Japanese yen.

Sales volume grew slowly in the special chemicals sector, reflecting low levels of economic expansion in the US and some other industrialised countries.

Earnings from this division in North America were up slightly from last year, but the performance on the agricultural chemicals side excluding seeds, was about the

At the six months stage, profits were down from \$81.7m or \$1.14 a share to \$71.4m or \$1.04, while sales were almost unchanged at \$1.11bn.

USX planning debt issues of up to \$1.5bn

ing back as much as 16 per cent of its outstanding stock. It hinted at

turing programme.

The repurchase scheme was also

seen by some analysts as a defensive move against potential preda-

USX, formerly known as US Steel, has filed with the Securities and Exchange Commission for an offering of up to \$1.5bn of debt securities and warrants to purchase debt securities, Reuter reports from Pitts-

USX said it also filed a prospectus supplement relating to \$250m of debt units. It will issue 31,250 oil-indexed units, comprising \$156.25m of debentures, due July 15, 1995, and \$93.75m of detachable 3 per cent coupon oil-indexed notes due July 15, 1991. Each unit will consist of debentures totalling \$5,000 in face amount and oil-indexed notes totalling \$3,000 in face

The debentures and the oil notes will each pay interest semi-ennual ly and per at maturity. The oil notes will be redeemable semi-monthly at par plus any accrued interest at the option of the holder beginning one year before maturity.

A premium on the oil notes will be paid at maturity or early redemption of the oil notes based on the excess, if any, of the spot price of West Texas intermediate crude oil above \$25 per barrel up to a maximum price of \$50 per barrel, times a number of barrels which will be

First Boston and Lazard Freres will co-manage the issue. USX previously announced that it started a financial restructuring to take advantage of current interes

It plans to refinance about \$2.9hr of the 12% per cent guaranteed notes due March 1 1994, issued in connection with the acquisition of Marathon Oil in 1982. The notes are initially callable on March 1 1987 at

Owens-Corning surplus rises

OWENS-CORNING Fiberglass, a leading US producer of glass fibre products, lifted net profits in the second quarter to \$34.9m, or \$1.16 a share, from \$20.2m, or 68 cents. This took the six-month total to \$57.8m, or \$1.93, up from \$48.2m, or

Revenue for the three months climbed to \$925.3m, from \$789.9m, for a balf-year total of \$1.79bn. against \$1.47bn a year earlier.

The 1986 figures include the Aerospace and Strategic Material group acquired in September 1985. Last year's half-time result included 519m from a settlement on a

contract cancellation.

Metal Box p.l.c.

U.S. \$50,000,000

This announcement appears as a matter of record only.

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> Issue Price: 100 per cent. of which 79 per cent. is in respect of one Bond and 21 per cent. is in respect of 83 Warrants.

The Bonds will be in the form of bearer bonds in the denomination of U.S. \$1,000 each. Each Bond will be issued with 83 Warrants each of which will be in registered form and will entitle the holder to procure the subscription of and to receive a registered Ordinary Share of £1 in Metal Box p.l.c. at a price of 771 pence per Ordinary Share (subject to adjustment).

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July, 1986



of ECU10,000.

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ECU 135,000,000

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Notes, the rate of interest for the interest period

July 16, 1986, to October 16, 1986 has been

fixed at 71/2% per annum. Interest payable on

October 16, 1986 will be ECU191.67 per Note

Morgan Guaranty Trust Company of New York

London Branch

Ente Nazionale Idrocarburi In accordance with the terms and conditions of the

In accordance with the provisions of the Notes. notice is hereby given that the rate of interest for the six month period (184 days) from 16th July, 1986 to 16th January, 1987 has been fixed at 613/16% per annum.

Interest payment date will be 16th January, 1987. Payment which will amount to US\$3,481.94 per US\$100,000 Note, and US\$34,819.44 per US\$1,000,000 Note will be made against surrender of the relevant Coupon.

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SFrs. 20,000,000

1% Guaranteed Notes with Warrants 1986-1991 The Mitsui Bank Limited



Lead Manager: Banca della Svizzera Italiana

Nomura (Switzerland) Ltd. Misul Finanz (Schweiz) AG Fuji Bank (Schweiz) AG Mitsul Trust Finance (Switzerland) Ltd. Sanwa Finanz (Schweiz) AG Banco di Roma per la Svizzera Bank Oppenheim Pierson (Schweiz) AG Banque Paribas (Suisse) S.A. Billinenz und Verwaltung AG Lloyds Bank PLC Chemical Bank (Suisse)

Financial Adviser to the Lead Manager: Parallels K.K.

לאם אבים ברים דינים מערכים בני בי המלכו בלי פנימים

Canon

CANON SALES CO., INC. - TOKYO

SFrs. 150,000,000 1% Convertible Notes 1986-1991

Lead Manager: Banca della Svizzera Italiana

Co-Managers: Yamaichi (Switzerland) Ltd.

Nomura (Switzerland) Ltd. Fuji Bank (Schweiz) AG The Nikko (Switzerland) Finence Co., Ltd. The Nikko (Switzerland) Hinance Co., Ltd.
Daiwa (Switzerland) Ltd.
Nippon Kangyo Kakumaru (Suisse) S.A.
Bank Julius Baer & Co. AG
Handelsbank N.W.
Hentsch & Co.
Lombard, Odler & Cle.
Pictet & Cle.
Schweizerische Depositen- und Kreditbank
Swiss Volksbank
Bank J. Vontrohel & Co. AG

Bank J. Vontobel & Co. AG Banca Unione di Credito Lioyds Bank PLC Rothschild Bank AG J. Henry Schroder Bank AG

Financial Adviser to the Lead Manager: Parallels K.K. NEW ISSUE - This announcement appears as a matter of record only . May, 1986

BANK OF GREECE Head Office; Athens

> SFrs. 100,000,000 55% Public Bond Issue

Banca della Svizzera Italiana

INTL. COMPANIES & FINANCE

United Technologies US cable hit by second quarter provision

BY OUR NEW YORK STAFF

UNITED Technologies (UT), the US manufacturer of Prait & Whitney aircraft engines and Sikorsky helicopters, showed a sharp drop in earnings on continuing operations for the second quarter of this year after taking a \$155m pre-tax provi-sion for estimated contract losses

Profits amounted to \$64.9m or 44 cents a share against \$151.7m or \$1.13 a share in the same period of last year. In 1985, however, the final net figure was below this year's, after a \$96.9m loss on discontinued

operations reduced profits to \$54.8m or 34 cents a share. Sales in this year's quarter rose to \$3.96bn from \$3.77bn in 1985, and in the first six months increas \$7.42bn from \$7.38bn. in the balfyear period, net income from consion for estimated contract losses timing operations amounted to on its Norden Systems radar sub-. \$192.4m or \$1.37 a share compared

with \$323m or \$2.43 a share in 1985.

Mr Robert Daniell, president of
UT, said he was "pleased" that second-quarter results before the Norden loss provision expected those
of lost was a continued. of last year on continuing opera-

MCorp launches novel \$425m credit deal

Elf expected to break off

ELF AQUITAINE Norge, Norwegian offshoot of the French petroleum and industrial group, and Saga Petroleum, the debt-burdened Norwegian independent oil company, look to have broken off talks about a merger.

Neither company would yesterday comment on reports to this effect, merely promising that a joint statement would be issued today.

Elf was said to be withdraw ing because Saga which bas borrowed heavily to manage its said agas prices. The content of the present period of loweous borrowed heavily to manage its said agas prices. The content of the present period of loweous extensive offshore exploration.

Norsk Hydro, the Norwegian way's leading industrial, shipping and financial groops, bas been given specially favourable treatment in successive Norwegian licensing rounds, because of its national character. Its stakes in many of the most promising finds on Norway's shelf make it an attractive target for merger or takeover by a wealthy concern—like Elf—which can afford to look beyond the present period of loweous promising industrial, shipping and financial groops, bas been given specially favourable treatment in successive Norwegian licensing rounds, because of its national character. Its stakes in many of the most promising finds on Norway's shelf make it an attractive target for merger or takeover by a wealthy concern—like Elf—which can afford to look beyond the present period of loweous promising in the most promising finds on Norway's shelf make it an attractive target for merger or takeover by a wealthy concern—like Elf—which can afford to look beyond the present period of loweous promising in the most promising finds on Norway's shelf make it an attractive target for merger or takeover by a wealthy concern—like Elf—which can afford to look beyond the present period of loweous promising industrial, ship pring and financial group, and financ

borrowed heavily to hinance its and gas prices.

extensive offshore exploration. Norsk Hydro, the Norwegian fand development to large a owned 51 per cent by the Norwegian profile.

wegian profile.

We Arne Offen the Norwegian of new shares, of which Hydro

Mr Arne Olen, the Norwegian of new snares, of which rydro Oil Minister, who is understood to bave been lukewarm about the merger scheme, said be was "not surprised" by the news. Elf, with substantial stakes in Norway's first two producing fields — Ekofisk and Frigg — with Elf failed.

in Norway's first two producing fields — Ekofisk and Frigg — has the financial resources to provide Saga with what would have been a welcome injection of fresh equity.

High Substantial Stakes and Education might consider this if the talks with Elf failed.

Any deal between Hydro and Saga would — like the proposed merger with Elf — have to be approved by the Government.

JAPAN AIR LINES (JAL), the profits the previous year of

At the net level, bowever, it company alone, which at the reached the net level, bowever, it company alone, which at the company alone, which at the end of May reported a loss before tax of Y1.63bn against in central Japan 11 months ago before tax of Y1.63bn against in central Japan 11 months ago before tax of Y1.63bn against profits of Y2.55bn.

Revenues were barely ahead at Y924.81bn compared with Y922.73bn.

N. AMERICAN QUARTERLIES

were less than a tenth of the Y30.36bn achieved in the previous year. Nonetheless, this was a better performance than could be attained by the parent

JAL shows net deficit

merger talks with Saga

BY OUR NEW YORK STAFF

MCORP, the second biggest banking group in Texas, has arranged a novel \$425m three-year syndicated credit facility under which its MBank USA credit-card operation can raise funds by selling its credit-card loans to a group of 21 US and

Some Texas banks have faced dif-ficulties in funding themselves in Under the the international money markets after the recent collapse in oil prices and resultant soaring loan losses. However, MCorp empha-sised yesterday that the arrange-ment did not reflect trouble in raising funds through more traditional channels.

Mr Arne Ofen, the Norwegian oil Minister, who is understood to bave been lukewarm about the merger scheme, said be was "not surprised" by the news.

BY OUR FINANCIAL STAFF

national flag carrier, has drawn

on contributions from its con-

solidated subsidiaries in order to keep its group pre-tax result in the black for the year to

Mr Doug Ebert, executive vice-president of the investment bank-ing operations of Manufacturers Hanover Trust, which assembled the deal, says it is the first time a credit facility involving the sale of consumer credit-card loans is being syndicated to a large number of

Under the arrangement, MBank USA can sell credit card loans to a group of banks led by Manufacturers Hanover Trust at any time. MBank USA is the Delaware based credit card subsidiary of MCorp

Each transaction of purchased loans will have a finite maturity.

TV group in \$390m expansion

By Terry Dodsworth in New York

TELE-COMMUNICATIONS, the US's largest cable-television opera-tor, is spending \$390m on a control-ling interest in United Artists Communications, a long-established cin-ema group that also owns cable TV interests in the New York area.

The deal follows Tele-Communi cations' recent expansion as a leading member of the consortium that bought Group W Cable, the cable television subsidiary of the Wes-tinghouse Electrical Group. The Denver-based concern said vesterday that it intended to sell the cineme business to Tri-Star pictures on completion of the agreement for an unspecified sum.

The transaction will give Tele-Communications ownership of 51 per cent of United Artists Communications' equity currently held by the Naify family. Other sharehold-ers are to be offered similar terms -mixture of \$140m cash and notes convertible into Tele-Communica tions' class A common shares.

Tele-Communications said significant restrictions would be placed on the sale of stock held by former United Artists Communications shareholders in the first five years after the acquisition to avoid flooding the market. Even after conversion of the notes, it added, the con-trol of Tele-Communications would remain in the bands of its current leading shareholders, who exercis their controlling interest through B shares carrying 10 votes each.

BARCLAYS

BARCLAYS OVERSEAS INVESTMENT

COMPANY B.V.

¥40,000,000,000

6 per cent. Guaranteed Bonds due 1996 Guaranteed on a subordinated basis by **BARCLAYS BANK PLC**

Issue Price: 101% per cent.

The following have agreed to subscribe or procure subscribers for the Boads

Barciays de Zoete Wedd Limited Mitsui Trest Internatio

The Nikko Securities Co., (Europe) Ltd. Toyo Trust Inters

Darws Europe Limited
Shegroon Lehman Brothers Inte Bank of Tokyo International Limited Dai-Ichi Kangyo International Limited

sichi International (Europe) Limited : Internationale à Luxembourg S.A. Dresdner Bank Aktie

IBJ International Limited Kyowa Bank Nederland N.V. Nippon Credit International Limited

Application has been made in . 2 Council of The Stock Exchange for the Bonds to be admitted to the Official List. Interest is payable annually in arrear on 28th August, commencing on 28th August, 1987. Particulars of the Bonds, Barclays Overseas Investment Company B.V. and Barclays Bank FLC are are obtained during brainess for the liming particulars as obtained during brainess hours up to and including 19th July, 1986 from the Company Announces Office of The Stock Exchange and up to and including 30th July, 1986 from the

The Nikko Securities Co., (Europe) Ltd. Barchys Overness Invest
Nikko House. Weteringschant 169,
17 Godfinnst Street,
Lopdon ECAV SRD Netherlands

Fuil International Fin

Nippon Kangyo Kal

Issue of up to £250,000,000 Floating Rate Notes 2000



(Incorporated in England under the Building Sociation Act 1974) of which £150,000,000 is being issued as the Initial Tranche issue Price of the Initial Tranche; 100 per cent.

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 15 July, 1986 to 15 October, 1986, the Notes will carry an interest Rate of 10% per annum. The interest payable on the relevant interest payment date, 15 October, 1986 against Coupon No. 3 will be 5256.78. No. 3 will be £256.78. -- ·

16 duty, 1986 By The Chase Manhettan Bank, NA London, Agent Bank

sveimer U.S. \$100,000,000

Floating Rate Participation Certificates Due 1992

issued by Morgan Guaranty GmbH for the purpose of making a loan to Istituto per lo Sviluppo Economico

dell'Italia Meridionale tory body of the Republic of Baly incorporated under Law No. 298 of April 11, 1953)

In accordance with the terms and conditions of the tificates, the rate of interest for the Interest Determination erhificates, the rate of interest for the interest for the Period 16th July, 1986 to 18th August, 1986 has been fixed at 6445%! Interest accrued for the above period and payable on 22nd January, 1987 will amount to

Morgan Guaranty Trust Company of New York London Branch

New Issue July 16, 1986

This advertisement appears as a matter of record only.

HAMBURGISCHE

Australian Dollar 30.000,000 13% Bearer Notes due 1991

Deutsche Bank Capital Markets

ANZ Merchant Bank

Bankers Trust International

CIBC Limited

Hambros Bank

Sparekassen SDS

Banque Générale du Luxembourg S.A.

Morgan Stanley International

International S.A. Commonwealth Bank of Australia Creditanstalt-Bankverein

Orion Royal Bank

Swiss Bank Corporation International Limited

Bayerische Landesbank

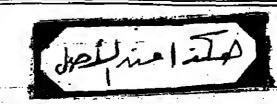


U.S. \$50,000,000 **Euro-Commercial Paper Programme**

Exclusive Dealer to the Programme

Enskilda Securities Skandinaviska Enskilda Limited

June, 1986



1985 30m 1.19 1986 -8 196.3m 22,2m 0.81

1985 \$ 1.1bm 67.1m 1.16 1986 \$ 4,255n 51.5m 1.13 3.99bn 46.7m 1.97 68.5m 1.35 45m 0.95

INTL. COMPANIES and FINANCE

Puma seeking to raise \$39.8m by public issue

FUMA. West Germany's second and stagmant turnover — not largest producer of sports shoes least in light of its takeover of and a growing competitor in the its troubled Los Angeles-based international sports and leisure US distributor, couped with the clothing markets, is seeking to weak US dollar exchange rate—raise DM 86.8m (339.8m) it hopes, partly on the basis of through its forthcoming flotation on the Frankfurt stock a strong domestic market, to pay a strong domestic market, to pay a strong domestic market DM 9 a strong domestic market.

280,000 non-voting preference shares today and tomorrow at DM 310 per share, in an issue Dassler family.

The ordinary shares and limits ability.

The ordinary shares and limits ability.

The market-limits ability.

The market-limits ability.

The market-limits ability.

The market-limits ability.

which is being led by Denische
Bank.

The group, which had a 1885
world turnover of about
DM 180n, increased its pre-tax
profit last year from DM 13.3m
Althorsel.

Elders IXL

Island branches.

by Fletcher Challenge.

profit last year from DM 13.3m Dassler, with e 70 per cent to DM 19m.

Although it expects 1986 to After a belated start, the two Dessler brothers, which be a "year of consolidation" group has, in recent years, broke down in 1948.

per preference share."

Honda in **31% first** quarter decline

HONDA MOTOR, the world's largest motorcycle producer, yesterday announced • 31.3 per cent drop in pre-tax profits for the first quarter, largely because of the effects of the yen's sharp appreciation against the US dellar.

For the three months.

For the three months that May, Honda reported sales down 3.6 per cent to \$794bm (\$4.4bm) from \$730.7bm last year. Pre-tax profits declined to \$455bm from \$94.8bm in the previous HONDA MOTOR, the world's

year's first quarter.
Domestic sales rose 16.7
per cent to Y247bm, but exports dropped by 12 per cent. As a result, the domestic sales ratio climbed 6 points to 35 per cent in the first quarter. first quarter.

Motorcycle sales dropp

from Y94.8bn in the previous

Motorcycle sales dropped 6.6 per cent by units and 12.4 per cent by value. Honda cited alugainh sales to China as a major factor in the slowdown. Sales of motor vehicles went up by 12.8 per cent in the first quarter. Domestic car sales jumped by 21.4 per cent, while overseas sales went up by 8.1 per cent.

By value, however, auto-mobile sales were up by just 3.6 per cent, showing that Honda did not pass on the effects of the higher year to

its customers.

Despite these declines, however, Honda increased research and development spending from Y30bu to Y38bu in the period, which as a proportion of sales, is an increase of 4.1 per cent to 5.4 per cent.

Net income was down 36.8 per cent to Y28.6bu in the quarter.

Go-ahead for 'Johnnies' and Anglovaal acquisition by show higher earnings

NEW ZEALAND'S Commerce Commission has granted Elders IXL, Mr John Elliott's Australia company, permission to acquire all or part of Dalgety Crown, the farm services agency, the farm services agency, the commission is investigating the proposed acquisition of Dalgety Crown by Wrightson Dalgety Crown by Wrightson of the tax charge because of higher capital spending. It is pointed out that the grade still remains below expectations.

The marginal Western Areas, Consolidated Investment ("Johnnies") and The marginal Western Areas,

should be allowed to buy all the The marginal Western Areas, which is underpinning gold Murchison prices by forward sales contracts, has modestly increased working profits. Sharply higher capital expenditure, however, has reduced tax in the latest quarter to enhance earnings at net level. company, except several North Dalgety Crown is wholly owned by Crown Corporation and Wrightson is wholly owned

CITIBANCO

US\$200,000,000 Guaranteed Floating Rate Notes at the Option of the Holder at par Commencing Oct

Citicorp Overseas Finance

Corporation N.V.

CITICORPO

Notice is hereby given that the Rate of Interest has been fixed at 6%6%

and that the interest payable on the relevant Interest Payment Date,

October 15, 1986 against Coupon No. 26 in respect of US\$10,000

nominal of the Notes will be US\$167.77.

Citibank, N.A. (CSSI Dept.), Agent Bank

led with fimiled liability in the Netherlands Antillest Unconditionally guaranteed by

BIB up 44% in first half

June Mar Dec qtr. qtr. qtr. R000 R000 R000

..... 3,987 1,457 4,130

11,557 8,728 8,058 72,461 51,403 45,843 14,232 7,027 12,115 8,275 1,703 10,989 1...... 8,275 20,563 24,068 35,729 20,563 24,068

BAHRAIN International Bank \$148m was in the form of mar-(BIB) has achieved a 44 per ketable securities, up from cent jump in first-half net \$105m at the year-end. Loans income to \$11.2m from \$7.9m, were \$28m down from \$33m. 1984 was \$11m. The bank also said it expects a second con-secutive dividend increase this ear after paying 6 per cent in

turnover growth of about 25 per cent which has been sus-tained this year on the domestic

limits of its self-financing

Total assets at the end of June were \$262m, down 11 per cent from \$316m at the end of December. Of the current total,

AP-DJ reports from Bahrain.

The bank said it expects that profits for the full year would exceed those in 1985, when the bank earned \$14.1m. Income for ing.

"The bulk of the increase in earnings resulted from exceptional performance of the US bond markets, but we feel that with interest rate levels stabilising, income will return to more normal levels," said Mr. Donald Selinger, general manager.

July 1986 New Issue These Notes having been sold, this announcement appears as a matter of record only.



A/S JYSKE BANK

(Incorporated in the Kingdom of Denmark with limited liability)

U.S.\$100,000,000

Subordinated Floating Rate Notes due 1995

Lloyds Merchant Bank Limited

BankAmerica Capital Markets Group

Barclays de Zoete Wedd Limited

Daiwa Europe Limited

Hessische Landesbank – Girozentrale –

London Branch

Mitsubishi Finance International Limited

Sanwa International Limited

Dresdner Bank Aktiengesellschaft

County NatWest Capital Markets

Merrill Lynch Capital Markets

Banque Nationale de Paris

Morgan Guaranty Ltd.

Sumitomo Finance International

Tokai International Limited



Ente Nazionale per l'Energia Elettrica U.S. \$400,000,000 **Multiple Facility**

The Republic of Italy

Citicorp Investment Bank Limited

Banca Commerciale Italiana ● Banca Nazionale dell'Agricoltura ● Banco di Napoli ● Banco di Sicilia Banque Indosuez ● CIBC Limited ● Citicorp Investment Bank Limited ● Credit Lyonnais ● Credit Suisse The Dai-Ichi Kangyo Bank, Limited ● Deutsche Bank ● The Fuji Bank, Limited

The Industrial Bank of Japan, Limited . Industrial Multinational Investments Limited Istituto Bancario San Paolo di Torino . The Mitsui Bank, Limited . The Sumitomo Bank, Limited The Sumitomo Trust & Banking Co., Ltd.

> Amsterdam-Rotterdam Bank N.V. . The Bank of Yokohama. Ltd. The Kyowa Bank, Ltd. . The Mitsui Trust and Banking Co. Ltd.

Banco di Santo Spirito ● Banque Nationale de Paris ● Oredito Italiano ● SanPaolo-Larlano Bank S.A. ● Société Générale

Armsterdem-Rotterdam Bank N.V., Peris Branch ● BACOB s.c. ● Banca Commerciale tialiana, London Branch ● Banca Nazionale dell'Agricoltura Banco di Napoli ● Banco di Santo Spirito London Branch ● Banco di Sicilia, London Branch ● The Bank of Yokohama, Ltd.

Bankers Trust Company ● B.S.F.E. Banque de la Société Financière Européenne ● Banque Indosuez ● Banque Nationale de Paris Canadian Imperial Bank of Commerce (International) S.A. ● Chibank (Channel Islands) Limited ● Credit Lyonneis ● Credit Suisse Credito Italiano, London Branch ● The Dal-Ichi Kengyo Bank, Limited ● Deutsche Bank ● The Fulf Bank, Limited ● Generale Bank S.A./N.V.

The Industrial Bank of Japan, Limited • Industrial Multinational Investments Limited • Istituto Bancario San Paolo di Torino, London Branch The Kyowe Bank, Ltd. ● The Milisui Bank, Limited ● The Milisui Trust and Banking Co. Ltd. ● The Nildo (Luxembourg) S.A. Nomura Europe N.V. ● SanPaolo-Lariano Bank S.A. ● Société Générale ● The Sumitomo Bank, Limited The Sumitomo Trust & Banking Co., Ltd.

> Tender Panel Members Banca Commerciale Haliante, London Branch ● Banca Hazionale dell'Agricoltura ● Banco di Napoli ● Banco di Santo Spirito, London Branch

Banco di Sicilia, London Branch e The Bank of Yokohama, Lid e Bankera Trust International Limited e Banque Indosuaz Banque Nationale de Paris p.l.c. • CIBC Limited • Chicorp Investment Bank Limited • Credit Lyonnals • Credit Sulsae First Boston Limited Credito Italiano, London Branch ● The Del-Ichi Kangyo Bank, Limited ● Deutsche Bank Aktiengesellschaft, Loeton Banch ● EBC Amro Bank Ltd. Full International Finance Limited · Generale Bank S.A. IN. V. · Goldman Sacts International Corp. · IBJ International Limited iscituto Bancario San Paolo di Torino, London Branch ● The Kyowa Bank, Ltd. ● Merrili Lynch Capital Merkets ● The Mitsul Bank Group The Mileui Trust and Banking Co. Ltd. ● The Niklio (Luxembourg) S.A. ● Nomura Europe N.V. ● Salomon Brothers International Limited

SanPaolo-Larlano Bank S.A. . J. Henry Schroder Wagg & Co. Limited . S.F.E. Bank Limited Shearson Lehman Brothers International ● Société Générale ● The Surmitomo Bank, Limited ● Sumitomo Trust International Limited ● S.G. Warburg & Co. Ltd.

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Agent and Tender Panel Agent

Seccombe Marshall & Campion

Citicorp Investment Bank Limited

April 11, 1986

nt appears as a matter of record only.

Istituto per la Ricostruzione Industriale U.S. \$600,000,000

Multicurrency Revolving Loan Facility

Citicorp Investment Bank Limited

Banca Nazionale del Lavoro Banco di Napoli International S.A. Banco di Roma

Bank of Tokyo International Limited

Banque Nationale de Paris

Canadian Imperial Bank of Commerce (International) S.A.

Credit Agricole Credito Italiano

The Dai-Ichi Kangyo Bank, Limited

Deutsche Bank

The First National Bank of Boston • The Fuji Bank, Limited

Gulf International Bank B.S.C. • IBJ International Limited

The Kyowa Bank, Ltd. • The Mitsubishi Bank, Limited • The Mitsui Bank, Limited Sanwa International Limited • The Sumitomo Trust & Banking Co., Ltd.

The Taiyo Kobe Bank, Limited • The Tokai Bank, Limited

The Chuo Trust and Banking Company, Limited Industrial Multinational Investments Limited

The Mitsui Trust and Banking Co. Ltd. Co-Managers

The Bank of Yokohama, Ltd. • Cassa di Risparmio delle Provincie Lombarde SanPaolo-Lariano Bank S.A. • Societe Generale

Banco di Roma, London Branch

In Association with

Banco di Napoli International S.A. Banca Nazionale del Lavoro The Bank of Tokyo, Ltd.

Banque Nationale de Paris . Canadian Imperial Bank of Commerce (International) S.A. Credit Agricole • Credito Italiano • The Del-Ichi Kangyo Bank, Limitad

Deutsche Bank ● The First National Bank of Boston ● The Fuji Bank, Limited Compagnie Financière Limenbourg

Gulf International Bank B.S.C. • The Industrial Bank of Japan, Limited • The Kyowa Bank, Ltd.

The Mitsubishi Benk, Limited • The Mitsui Benk, Limited • The Sanwa Bank, Limited • The Sumitomo Trust & Banking Co., Ltd.

The Talyo Kobe Bank, Limited • The Tokal Bank, Limited The Chuo Trust and Banking Company, Limited Industrial Multinational Investments Limited . The Mitsul Trust and Banking Co. Ltd. . The Bank of Yokohama, Ltd. Cassa di Risparmio delle Provincie Lombarde • SanPeolo-Lariano Bank S.A. • Societe Generale

BACOB s.c. • Caisse d'Epergne de l'Etat du Grand-Duche de Luxerribourg • The Deiwa Bank, Limited Bank of Plant

Nomura Europe N.V. ● The Saltema Benk, Ltd. ● Societe Generale Alsacienne de Benque ● Ippe Benk

Agent Citicorp Investment Bank Limited

CITICORP INVESTMENT BANK



FF 350,000,000 SOCIÉTÉ DES CIMENTS FRANÇAIS 6½% Equity Notes due 1996 principal payable in ordinary shares of SOCIÉTÉ DES CIMENTS FRANÇAIS

Issue Price 100%

BANOUE PARIBAS CAPITAL MARKETS

SOCIETE GENERALE

BARCLAYS DE ZOETE WEDD LIMITED CITICORP INVESTMENT BANK LIMITED CREDIT COMMERCIAL DE FRANCE CREDIT LYONNAIS CREDIT SUISSE FIRST BOSTON LIMITED DRESDNER BANK AKTIENGESELLSCHAFT MORGAN GUARANTY LTD **MORGAN STANLEY INTERNATIONAL**

ÖSTERREICHISCHE LÄNDERBANK AKTIENGESELLSCHAFT SWISS BANK CORPORATION INTERNATIONAL LIMITED YAMAICHI INTERNATIONAL (EUROPE) LIMITED

NEW ISSUE

These Bonds having been sold, this unnouncement appears as a matter of record only.

JULY 1986



DM 150,000,000

Norsk Data A.S

3 % Bearer Bonds 1986/1993

Warrants

issued by ND Securities A/S to acquire Registered B-Shares of

Norsk Data A.S

offered in Units each consisting of one Bearer Bond of DM 1,000 Principal Amount together with one Warrant and one Certificate for eight Warrants

CSFB-Effectenbank

Deutsche Bank Aktiengesellschaft

Morgan Stanley International

Banque Paribas Capital Markets Limited

Bayerische Vereinsbank Aktiengesellschaft

Bergen Bank A/S

County Natwest Capital Markets

Enskilda Securities

Lombard, Odier International Underwriters S.A.

Morgan Guaranty GmbH

Swiss Bank Corporation International Limited

Westdeutsche Landesbank Girozentrale

INTL. COMPANIES and FINANCE

Hoechst unit in DM 81m rights issue

around DM 81m (\$46m) is planned by Orenstein and Koppel, the earth moving equipment group which is part of the Hoesch steel comany of West Germany.

The financing stems from
the takeover of the Faun

carth-moving equipment group, a German rival of Orenstein, which took a controlling 51 per cent interest in Faun late last year. Faun sales for 1935 totalled DM 665m.

one for three at DM 135 a share, which compares with the DM 177 at which Orea-stein shares have

Orenstein, which ran up sales of DM 1.3bn and net profits of DM 10.2m for 1985, specialises in large bucket wheel excavators. Its lesser lines included wheeled loaders, scrapers and fork-lift

variety of earhmoving machines and commercial vehicles. Both groups export more than 50 per cent of otal

sutputs.
Subscription to the rights
issue—some 25 per cent of
Orenstein shares are held outside the Hoesch group—will
be open from July 23. Orensein's plans for a rights
issue were first announced of
the start of the year.

Europaper programme for Coleman

COLEMAN, the US manufac-turer of outdoor lamps and camping equipment, is to tap the Eurocommercial paper market. It has appointed CIBC Ltd, the merchant bank-Bank of Commerce, to set as dealer in a \$75m progr

The programme will act as an alternative borrowing vehicle to the US market where Coleman is rated A2-P2 by the leading rating agencies Moody's and Standard & Pagar's

Poor's.

This makes the borrower one of the lesser-rated companies to tap the Euromarket and bankers believe its paper will sell at a margin above London Into bank offered. rates (Libot), making it an issuer which appeals pri-marily to banks.

CIBC said yesterday it should nonetheless occasion-ally prove cheaper for Cole-man to issue in Europe than in the US. It will use the same back-up lines in both markets as the Euromarket is not expected to be a net additional source of finance.

Fannie Mae president resigns

MR MARK RIEDY, president and chief officer of the Federal National Mortgage Association (Fannie Mae) has resigned in order to explore other career opportunities, AP-DJ reports from Washington

tunities, AP-DJ reports from Washington.

In accepting the resignation, Mr David Maxwell, chairman and chief executive efficer, said, "we are grateful for the significant contributions made by Mark Riedy to Fannie Mae's improvement in operating results. All of us wish him good luck and great success in his future endeavours."

Mr Maxwell said: "From

endeavours."

Mr Maxwell said: "From time to time he has told me of inquiries he has received about his evailability for other business opportunities. I respect his reluctance to pursue these epportunities while still employed at Fannie Mae and his decision to version at this time in

Fannie Mae and his decision to resign at this time in order to do so. The company will choose a successor to Mr Riedy as soon as possible."

Before joining Fannie Mae in January 1985, Mr Riedy served as executive vice president of the Mortgage Bankers Association of America.

Downturn in earnings for Toray By Our Financial Staff

INDUSTRIES TORAY INDUSTRIES, Japan's leading synthetic fibre maker, suffered a 26 per cent slide in group net profits to Y10.09bm (\$62.96m) in the year to March and expects a flat result for the current 12

months.
The 1986-87 consolidated enterme is forecast at Y10hn. Sales, which dipped 0.8 per cent to Y786.96bn, are projected to show a far steeper decline to some Y740bn in the decline to some X74000 in the year to next March.

At the pre-tax level, profits were 6.25 per cent ahead at Y28.57bm. Toray last July put in motion joint ventures with Elf Aquitaine and Peckiney of France for making earbon fibre.

Not carnings per share

Convertible Eurobond for TV soap opera group

JR EWING doffed his stetson to the Eurobond market for the first time yesterday. Lorimar Telepictures, maker of the tele-vision series Dallas, Falcon Crest and Knot's Landing, raised \$100m with a convertible hond.

pay the salaries of Dallas stars ings and loan institution, issued whose characters return from \$150m of 10-year floating-rate the dead, but to finance Lorinar's acquisition of a Los points over London interbank Angeles film production facility offered rates. Credit Suisse from MGM. Lorimar also plans First Boston led the deal. A so-called "Bear" straight in a \$1.85bm deal yet to be financed.

Draval

32 per cent. The issuer, which is not

Brothers International for Danish Export Finance. The \$100m deal, which will not be listed and is in large \$250.000 denominations, is for three financed.

Drexel Burnham Lambert, which has managed previous convertible issues for the company in the US, led yesterday's deal which has a 15-year maturity with an investors' option to sell the bonds back However, its redemption amount after seven years. The coupon is 5½ per cent, and the indicated conversion premium is 28 to 32 per cent.

Brothers International for Danish Export Finance. The will not be listed and is in large \$250.000 denominations, is for three years and has a high 10 per cent coupon, with a price of 1014. However, its redemption amount will fall if the price of the US Treasury 7½ per cent issue due 2016 goes up and rise if it goes down.

Mitsubishi Plastics Industries

rated, relied heavily on the fame of its products in selling the new offering, but appeared to meet a welcoming reception. The issue injected glamour into an otherwise dull day which saw dollar Eurobond prices little changed.

North East Savings, a US savings and loan institution. Issued raised \$30m with a five-year issue with-warrants guaranteed by Mikko Securities (Europe), the issue has an indicated coupon of 25 per cent. In the Netherlands, Algemene Bank Nederland brought a DFI \$90m 10-year Bullet issue for the World Bank on the domestic 300m 10-year Bullet issue for the World Bank on the domestic market. It has a coupon of 61 per cent and 391 per cent pric-

ing.
In West Germany, prices were
unchanged in dull business,
see issues were seen. unchanged in dull business, and no new issues were seen. Yesterday's equity-linked issue for Hoesch was bid at around par, below levels seen immediately after its launch, as the equity market weakened. The new Federal bond was offered at around 1½ below the issue price.

In Switzerland, the Asfinag SFr 130m issue ended its first day's trading of 981 per cent against a par issue price, and Japan Development Bank fell

Bond refinances A\$1.3bn debt in seven-year facility

minated eight months of exhaustive negotiations by completing arrangements for the A\$1,3bn refinancing of Bond Corporation's various debts original A\$1.1bn financing of through a seven-year facility Bond's takeover of hrewing spread among a syndicate of group Castlemaine Tooheys, is seven local and international providing A\$100m. seven local and international banks.

point in the financial market's views of the Bond group, which had been regarded by the large domestic trading banks as too risky for such large-scale financing.

The banks, each providing A\$200m, are Westpac, National Australian Bank, Standard Chartered Bank Hongkong and

WESTPAC Banking has cul- First Bank of Boston, and Industrial Bank of Japan. State Bank of NSW, which together with Wardley's, the mer-chant banks arranged the

Syndicate banks are expected The move marks a turning to sell down their exposures point in the financial market's soon in wider syndication. views of the Bond group, which Security for the A\$1.3hn facility had been regarded by the large will be Bond's Castlemaine and Swan brewing operations. Drexel Burnham Lambert

financing.

The banks, each providing arranged a \$135m subordinated.

A\$200m, are Westpac National debt financing for the 1981

Australian Bank, Standard Char. Swan brewery takeover, is betered Bank, Hongkong and lieved to be slightly increasing Shanghai Banking Corporation, credit lines to Bond

Shanghai banks form interbank paper market

A TOTAL of 25 banks in the Shanghai economic region are to set up an interbank market for the short-term discount of commercial paper and the longterm issue and transfer of stocks and shares, according to

Funds circulating among the banks have exceeded 1.5bn yuan (\$405m) since the establishment two years ago of the region, which groups Shanghal and four neighbouring provinces, Reuter reports from

A foreign banker in Peking said the proposed interbank market for stocks and com-mercial paper in the Shanghai region is the first of its kind in China.

FT INTERNATIONAL BOND SERVICE

d 864 6the 2 1874, 1875, 1 1874, 1885, 1 1874, 1885, 1 1854, 1854, 1 1854, 1854, 1 1864, 1864, 1 1867, 1867, 1 1867

Jeil in 1 ils

FINANCIAL TIMES SURVEY

Wednesday July 16 1986

The Netherlands Banking, Finance and Investment

The Dutch are determined to maintain and promote Amsterdam as a major financial centre in the face of growing competition but are reluctant to move too quickly. Some tough choices lie ahead

Caution prevails over liberalisation

By Laura Raun, Amsterdam Correspondent

CHANGE IS slow but sure across the landscape of Dutch banking and finance. The fashionable trends of liberalisation, securitisation and globali-sation are viewed with bealthy scepticism. Bankers recognise the fresh opportunities for new markets but they are more con-cerned with preserving the good name of Dutch finance than with jumping on the bandwagon.

The Dutch are taking a two-pronged approach. On the one hand, they are forging ahead with deregulation of the capital markets and international link ups of securities exchanges. Competitive pressures from other financial centres, notably London and Frankfurt, have forced Amsterdam to polish up its image. On the other hand, banks have

been slow to use the new free-doms allowed under liberalisa-tion and globalisation. Only a modest number of innovative capital markets issues have capital markets issues have
come out since the January 1
deregulation and internationally linked securities trading
has yet to take off actively.
Mr Reinier D. Fuchs, executive secretary of the Amsterdam
Stock Exchange availables who Stock Exchange, explains why and borowing limits were rechange is so slow. The mer-laxed As the Dutch capital merchant bank tradition is much kets already were among the less developed here than in freest and most international Britain. He says. The big in the world, the liberalisation Europe. The European Options Exprefer to make a loan than to bid to recoup husiness lost to change (EOE) has eagerly pur-

Nevertheless, some landscape contours probably have changed forever. Borrowers have found cheaper ways of getting money while lenders have discovered more lucrative ways of lending money. Interest-rate margins may never again be as wide as in the past. New players in the market such as near banks and financial conglomerates resulting from deregulation have intensified competition.

The most dramatic develop-ment in the Netherlands during the past year was the sweeping liberalisation of the capital markets that took effect on January 1, An array of new financial instruments was allowed and issuing procedures

bring a company to the parallel market."

The Dutch Central bank, like its counterparts around the world, has put banks on notice that it is watching closely the effects of securitisation — borrowing through the issue of tradable securities. Off-balance sheet credit facilities will be counted in solvency requirements, according to the Nederlandsche Bank, the Central Bank.

Nevertheless, some landscape contours probably have changed the securities. Off-balance steps in a rolling "Big that is seen as girding Bang that is seen as girding as redeased to the steps in a rolling "Big that is seen as girding Bang that is seen as girding as redeased to the steps in a rolling "Big that is seen as girding Bang that is seen as girding Bang in October. The city's new freedoms on top of the considerable business already siphoned off from Amsterdam were considerable with Montreal, Vancouver and Sydney in establishing the world's first nearly round-the-clock gold and silver options. Traded on all four exchanges — bave yet to stimulate much extra activity but they are necessary to prepare for the future, according to Mr Tjerk westerer, general director of the EOE.

Nevertheless, some landscape contours probably have changed were very high commissions and operations, have continued to were very high commissions and lack of liquidity for block

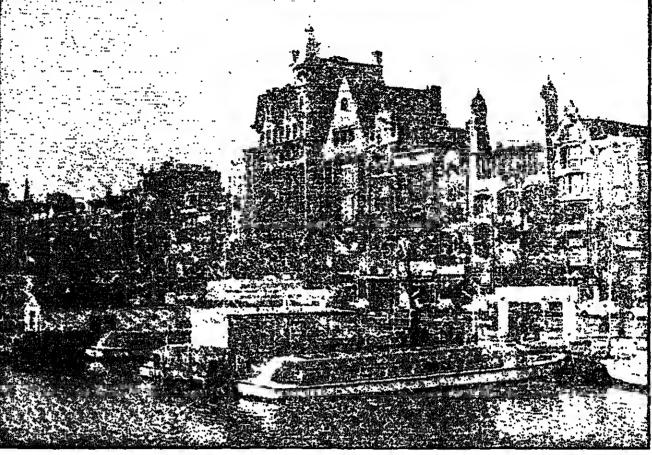
trades.

The bourse began with a commission cut in in late 1984, followed by longer trading hours, another round of commission cuts, plans for Japanese stock listings and an experimental professional market for block trading. Baron B. F. Van Ittersum, chairman of the stock exchange, has been a driving force behind the modernisation moves.

a successful, more offensive strategy alongside a defensive strategy that is directed at maintaining the Guilder market

Dutch banks, many of which already have sizeable overseas operations, have continued to expand abroad. Amsterdam-Rotterdam Bank (Amro), the second largest commercial bank after Algemene Bank Nederland (ABN), last year brought out its partners in the EBIC consortium to take compete control of European Banking Company, a London to the domestic, retail market with a big automation project aimed at improving service for customers with video terminals in all branches. ing Company, a London merchant bank. The buy-ont was aimed at securing a foot-bold in the City in preparation for the Big Bang.

ABN, which has by far the higgest overseas network, has been actively looking for an American bank and recently purchased a small one in Illinois, the Bank of Lisle, Rabobank, the co-operative bank that is the second largest to halve cohest terms, recently in balance sheet terms, recently opened three hranches and re-



Amsterdam: financial centre of the Netherlands

At home, Amro bas coosoli-dated into one Treasury depart-ment its money market, capital market and foreign exchange Foreign financial institutions, which have been growing in number for some years, bave responded enthusiastically to

the liberalisation drive, which gives them new privileges.
Credit Suisse First Boston has just bought Bank Jonas & inst bonght Bank Jonas & Kruseman, a small Dutch commission house, in an attempt to exploit the fresh freedoms in the guilder capital market. Citibank of the US, among the higgest banks in the world, became the first American member of the Amsterdam Stock Exchange earlier of total income for the top six

this year.

Three of the top four Japanese securities bouses—Daiwa, Yamaichi and Nomura—joined the Amsterdam Stock Exchange this year and are expected to promote dealings in the Japanese shares to be listed leter this year.

banks in the Netherlands, including two foreign ones. Income from fees and commissions bas grown in recent years but still accounts for only 20 per cent. Several reasons are cited for the relative scarcity of more innovative products such as cur-

later this year.
On the Amsterdam Stock
Exchange, volume surged 46
per cent to Fl 140.4bn in the first six months of 1986 com-pared with the year-earlier pared with the year-earlier period. Some 20 new securities were listed. Dally turnover on the Amsterdam Interprofes-sional Market (AIM), the blocktrading sector, have averaged recently about 10 per cent of that on the main bourse.

innovative products such as currency swaps and commercial paper, One is that Dutch concerns are relatively flush with cash and need little from outside sources. Another is that Dutch banks still would prefer to give an old-fashioned straight loan than arrange a note issuance facility, for

example.

Lack of expertise may be a prohlem bot so is the worry over a sufficient secondary market. The absence of a Dutch rating agency for a borrower's quality also has been cited.

Wholesale banking activities

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Capital Markets **European Options Market 2** Commercial Banks

Robertu Hazelhoff, chairman of ABN

Savings Banks Amsterdam Stock

Exchange

Guilder and the Eco

FROM THE ANNUAL REPORT OF NATIONALE-NEDERLANDEN

100° teky*i*ch io k int ie intectit Nationale-Nederlanden is the largest insurance group in the Netherlands. We are also a major

force in worldwide insurance and institutional

investment. With a total staffin excess of 22,000 Nationale-Nederlanden operates in 24 countries, providing services in the field of life and non-life insurance including reinsurance, and in other related fields.

GROWTH IN PROFITS AND NETASSETS The group's performance in 1985 was influenced by sharp falls in the exchange rates of certain currencies, particularly the U.S. and Australian dollars.

Despite this the results were favourable, with profits improving by 4.2% to Dfl. 603.4 million. Net assets increased by 36.5% to reach the record level of Dfl. 7.3 billion.

Primary contributors to profit were the life insurance and investment sectors. The group's life insurance operations continued to develop favourably in all areas. Results for non-life insurance were positive in the Netherlands but unsatisfactory in other major markets.

EXPANSION IN THE FAR EAST

One of the areas where Nationale-Nederlanden is

	RESULTS OVE	RVEV	V	
1985 £.M.		1985 Dfl.M.	1984 Dfi.M.	-%
2,965 1,354	Premium income Investment and other income	11,855 5,414	12,158 5,461	~2 ~1
4,319	Revenue	17,269	17,619	2
1,818	Net assets	7,270	5,325	37
151	Net profit	603	579	4
	Per share of Dils	2.50:		
£		Dfls.	Dfls.	
1.43	Net profit*	5.73	6.30	9_
0.60	Dividend*	2.40	2.27	6
0.60	Dividend as declared	2.40	2.30	
16.56	Snareholders' funds*	66.19	54.52	21
*Adrus	ed for capital movements			

seeking expansion is the Far East where the growth in the level of economic activity is expected to create an increasing demand for insurance services.

In fact Nationale-Nederlanden became the first European life insurance company to receive permission from the Japanese Ministry of Finance to establish a life branch office in Japan. This office became fully operational on 1st April of this year.

PROSPECTS

The future development of the life insurance and investment sectors worldwide is expected to remain favourable, thereby providing a sound ongoing source of profit.

Improvement of non-life insurance results will be given high priority. We are confident that 1986 will bring growth in

revenue for Nationale-Nederlanden and that we will be able to maintain at least the current level of earnings per share.

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Affiliated companies in the United Kingdom and the Republic of Ireland: The Orion Insurance Company PL.C. 49 Monument Street, London EC3R SBU and Bouverie Road West, Folkestone (Kent) CT20 2RW. The Life Association of Scotland Limited 10 George Street, Edinburgh EH2 2YH. Merchant Investors Assurance Company Limited Leon House, 233 High Street, Croydon CR9ILP. Crescent Life Assurance Company Limited* 10 George Street, Edinburgh EH2 2YH. Hibernian Life Association Limited* 4 Dawson Street, Dublin 2, Ireland. a member of the Life Association of Scotland Group.

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equity & subordinated loan

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Mr. D. G. LEWIS F.I.B.

Director of the Company will be opening the office and looks forward to meeting the banks in Holland during the Autumn

Capital Markets

Slow response to new financial instruments

HIT BY currency volatility, measures do not go far enough political uncertainty and e steep in beloing to push Amsterdam fall in government revenues as back into the world market a result of tumbling gas prices, place for capital. Fixed trading fall in government revenues as a result of tumbling gas prices, the Dutch capital market has not lived up to the excitements promised late last year as a result of the introduction of a broad measure of trading broad measure of trading deregulation.

Activity has been heavier than in 1985 with bond turnover than in 1985 with bond turnover for the first five months running more than a third higher. But almost all the gains in volume were concentrated into March and April—before and immediately after the European Monetary System realignment which revalued the guilder in line with the West German

D-mark.
Subsequently, dealing levels have been very flat, with trading volume in May reverting to the pattern of January and February. Dealers in Amsterdam even found it hard. to get much mileage out of the recent Dutch election—absolute cliff-hanger right up to polling day—and new issue business still shows no signs

Lacklustre markets are always disappointment, but by far the biggest anti-climax in many ways has been the almost complete absence of follow through to the deregulation measures unvelled by the central bank last November. This was to have been Amsterdam's version of the Big Bang. It looks to have come and gone with

minimal impact.

The borrower response to the range of new financial instruments on offer from the turn of the year has been very slow with e market in some cate-gories of short-term paper simply not getting off the ground. The number of new issues of non-bank commercial paper can be counted on the fingers of one hand. Offerings in Certificates of Deposit (CDs) and Floating Rate Notes (FRNs) have been equally

subdued.

In retrospect of course the Dutch anthorities could not have chosen a more inhospitable time to ettempt to widen their capital markets. Gas price soft respital markets. Gas price soft respitable to their levels of 1985 with respitable to their levels of 1985 with respitable respitable to the package of new regularities to determine their levels of 1985 with respitable respitable to the package of new regularities to determine the package of new regularities to their levels of 1985 with respitable to the package of new regularities and the package of the package

commissions and a penalising stamp duty continue to chase investment funds away, they

However, the stock market'e difficulties with commissions and stamp duty are continoally being reviewed and many observers are confident that a more equitable situation may shortly be implemented. In the meantime, the main constraint to business levels is the acute tightness of the Dutch money market which is being beld firmly in check by the central bank

When the EMS reshuffled its currency levels in April in order to take the strains off the French franc, the guilder found itself caught up in the cross-fire. This led to a sharp rise in local money markets as the guilder shumped to the bottom of its parity grid and the central bank fought to keep the situa-tion under control.

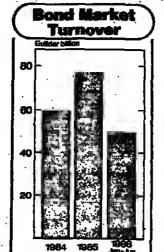
There are clear bopes for lower Dutch money costs as the year wears on, but for the moment with short rates holding very high the yield curve in Amsterdam remains as flat the surrounding landscape. With interest rates in West Germany showing no signs of wanting to move lower there is

thus e very firm floor under Dutch bond yields et a time when the main competition for investment funds — equities continue to perform strongly.
According to the ANP-CBS
General. Index, Dutch share
prices are pressing up against
their recent peaks for a gain
this year of more than a fifth.

this year of more than a fifth.

The uncertainty in the bond
market has kept new issue
business at e low ebb. Part of
the problem is that the corporate sector is bolstered by strong
cash-flows. Even the Government — despite falling gas
revenues — has been able to
curb his ampetite for new funds.

Yet critics of Dutch deregula-tion say that the central bank's new issue market in placements



has also been subdued in co trast to the frenzied activity of 1985. The market in Amsterdam unlisted bonds probably ounts for more than a third of total net supply and demand for Dutch capital. The pension funds, which did so much to swell borrowing activity last year, have had a quieter start to 1986.

ket regulations that came into force at the turn of the year were relatively far-ranging in their attempts to widen the mar-

The minimum maturity on listed bonds was reduced from seven years to just two years, and bullet repayment was inaugurated. Lead management inaugurated. Lead management of issues was opened up to foreign banks, and non-Dutch co-managers were given the chance to underwrite up to a third of any issue in contrast to the limitations of 20 per cent under the former regime. under the former regime.

Before 1986, the central bank maintained a strict new issue calendar, forcing borrowers into a rigid system of queuing.
There were also prohibitions of
prospectuses. Today the new
issue calendar has been
scrapped, although new borrowings are being limited to no more than one e day.

Domestic bonds as well as Euroguilder notes have been made much more receptive to foreign borrowers. The former ceilings of FI 400m and FI 150m per domestic and Eurobond issue have been abandoned. The central bank has also eased up significantly on the currency restrictions that once hampered foreign borrowers in domestic bond market.

European Options Market

A bevy of projects waiting in the wings

limitations and scale back its aspirations or throw caution to the wind and forge ahead? Both, says Mr Tjerk Westerterp, the moving force behind the eight-year-old EOE.

Mr Westerterp, the ebullient

Mr Westerterp, the ebuillent director general of the EOE, never admits defeat. The former Dutch transport minister and European Parliament MP has guided the options exchange since it was spun off from the Amsterdam Stock Exchange in 1978.
It is the effervescent Mr

Westerterp who made options a bousehold word in the Netherlands by sponsoring a soccer team, show horse and

music concerts.

Even the perennially optimistic Mr Westerterp, however, has to concede that the original plan to trade options on a cross section of European stocks with international support failed. The last foreign stock option, Petrofina of Belgium, was ended recently and now only Dutch equity options are listed. Instead of EOE, the simple

to give up entirely and plans for more international link-ups. His thoughts are running to London, New York and Tokyo. It is indeed Dutch stock options that are clearly the most successful products on the EOE, accounting for an over-whelming 85 per cent of all turnover. Royal Dutch/Shell, Philips and Akzo have con-sistently been the most popular

contracts for years. Mr Westerterp, however, not content to rest on his laurels, which include a doubling of earnings to F1 18.4m last year from 1984. A bevy of projects are in the wings, waiting to be launched Introduction of an option

on the US major market index (MMI). A basket of blue chip stocks created by the Amster recent dam Stock Exchange already lists an option on the MMI per cer income that is completely interchange for the able, so that a position opened in one market could be closed in the other.

• Launch of options on crude oil or petroleum product futures in conjunction with businessmen in Rotterdam, one of the leading spot oil markets in the world. Under consideration are futures contracts traded in New York and Chicago.

• An Amsterdam financial cutures market, backed by the EOE, is due to be launched later this year. The introductory contract is expected to cover an bonds. About one-quarter of all buyers of Dutch Government bonds these days are foreign

so a futures contract presumably could count on a measure of international demand.

In the thinking stage are options on e handful of the 30 Japanese stocks that are to be listed on the Amsterdam Stock Exchange later this year. A yen/

Exchange later this year. A year, guilder currency option also has been suggested.

Mr Westerterp has also floated a trial balloon to the London Stock Exchange on listing jointly an option on a European stock index that would cover a basket of shares from repriser Furnament of the state of verious European countries. The index option could be traded in

London has yet to reply and, meanwhile, has wrapped up a deal with the Philadelphia Stock Exchange on fungible trading of currency options. The transatlantic kink up is bound to heighten competition with Amsterdam, which touts a half dozen currency options of its

Amsterdam and London began their listed options within weeks of each other in 1978 and have been engaged in fierce nave been engaged in herce competition ever since. The EOE, the sixth largest options exchange in the world, is now averaging about 30,000 contracts a day. That is often twice the turnover in London. Growth has been rapid in the total traces. recent years, with the total number of trades rising by 38 per cent to 7m in 1985. Net income more than doubled to FI 18.4m from FI 8m while membership rose to 190 from 172.

in that would allow in the other.

The numbers are more impressive when compared option on the EOE stock index, an index that covers the 15 The original idea was to list options on a broad mix of Euro-

MIDDLE AGE has gripped the European Options Exchange index option was suspended two After actieving a certain amount of success, the EOE tary approval of cash payment now is searching for the next step. Must the Amsterdam tract Approval is expected this options Exchange admit its limitations and cash pay and cash pay are actively as a means of settling the conducting the first few years illimitations and cash pay are actively as a means of settling the conducting the first few years illimitations and cash pay are actively as a means of settling the conducting the first few years illimitations and cash pay are actively as a means of settling the conducting the first few years illimitations and cash pay and cash pay are actively as a means of settling the conduction of cash payment as a means of settling the conduction.

The turning point was 1981 when the options exchange moved out of the red and into the black. Trading volume, membership and product range have grown steadily since then. But problems clearly remain.

International trading linkops, despite their glamour, have done relatively little to stimulate trading, Mr Westerterp admits. Other securities exchanges also have conceded, only under pressure, that their globe-straddling computer link-ups provide more image than investors. But many bourse executives probably agree with Mr Westerterp: "I'm convinced that in five to 10 years global trading will be more and more

The EOE has been a The EOE has been among the leaders in international link-ups, combining with the Montreal, Vancouver and Sydney stock exchanges to provide round-the-clock trade in gold and silver options. A sterling/dollar options contract is fungible between Amsterdam and Montreal.

Volume in some products is

Volume in some products is low. Dealings in the currency options except for the Dutch guilder are especially meagre. The modest turnover in some contracts can present a liquidity meagre. problem if an especially big order comes in Foreign in-vestors remain a small minority The EOE is trying to drum up

interest from abroad but it is slow going.

Volume overload can create a problem. Turnover surged to mmanageable levels on May 22 the day after the Dutch general elections, and pricing was badly out of kilter. After an internal andit, the EOE agreed to re-imburse investors to the tune of FI 300,000 for faulty execu-

tions.

The EOE, however, is determined to keep up with the stiff competition worldwide. By autumn the exchange should be ensconced in a prestigious new building that will also house the new beadquarters of Pierson, Heldring & Pierson, the leading merchant bank. New computer equipment is designed computer equipment is designed to handle daily volume of up to 200,000 contracts, thus avoiding any duplication of the May 22

Laura Raun

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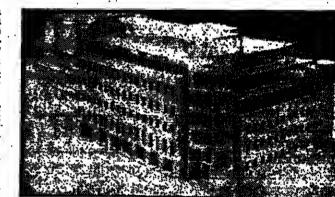
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A scale model of a Dutch passenger train rolls along in a clear plastic case outside the office of Mr Tjerk Westertrep (left). It is a reminder of the days when he controlled the country's sophisticated train system as Minister of

It was not until 1978, after 25 years in politics, that Mr Westerterp completely switched careers and became general director of the EOE (a model of its new house in the autumn is chosen wight) the autumn is shown right). He had also served as assistant minister for foreign affairs and member of the European Parliament.

tained by the Amsterdam Stock Exchange found Mr



Mr Westerterp, who has a master's degree in social and political science. "I felt that decision-making should be

than fixed commissions, that has driven business to London. The Amsterdam interprofes-sional market is designed pre-cisely to solve that problem.

Caution prevails over liberalisation

CONTINUED FROM PREVIOUS PAGE

now subsidise retail operations, with corporate clients paying very steep fees compared with West Germany, for example, while private individuals pay nothing for a current account. The individual customer has been coddled for so long that any one bank is reluctant to be the first to start imposing charges.

Automation is one way to cut

charges.

Automation is one way to cut operating costs and lessen the need for higher fees but Dutch commercial banks have lagged embarassingly behind most others in Europe and the US in electronic banking. The highly efficient and cheap giro system plus Eurocheques mean that customers do not need automated teller machines, bankers argue paternalistically. Fear of labour union strife has also slowed computerisation.

Universal banks are beginning

Universal banks are beginning Universal banks are beginning finally to try to catch up in electronic banking but are finding e dearth of skilled employees who can manage a video terminal and deal with the public at the same time. Mr J. C. Van Kessel, director of the Netherlands Institute for Banking and Securities explains: "An underlying competition "An underlying competition (between banks) will be in the quality of personnel," he says. quality of personnel," he says, her income as a percentage of "What is needed—and there is balance sheet total — has a shortage—is someone who can be the friendly girl behind the counter and who also is good with a keyboard."

Dutch banks' tendency to react instead of act risks losing has been said that institutional

delin 120



The exchange floor of the Amsterdam Stock Exchange

more market share to foreign financial institutions and near-banks, such as Robeco's money-Nederlandsche Credietbank's Direktbank which offers attrac-tive interest rates by passing along the lower costs arising from the absence of branch

Foreign banks have already lifted their market share of all balance sheet totals to 23 per cent from 14 per cent in 1980. Dutch banks profitability—net income as a percentage of balance sheet total—has remained unchanged at a modest 0.3 per cent for three years.



nore market share to foreign investors occasionally heve difficulty finding any bank or anks, such as Robeco's money-broker to quote a bid on a bloc exket fund called Roparco and deal, even in blue chip Dutch ederlandsche Credierbank's stocks. It is this alleged insuffi-

The parallel market, another gauge of risk taking is doing well but still lagging behind the growth pace of London's unlisted securities market and Paris's Second Marché, according to Mr Fuchs of the Amsterdam Stock Exchange. Lack of familiarity and less favourable fiscal measures explain the Dutch parallel market's slower growth, be says. But be adds, "when a little company in Zwolle goes to talk to its bank manager, be won't say go to the parallel market." Mr Van Kessel of the Netherlands Institute for Banking and securities concludes, "Factually, not much has changed There is no big breakthrough. Securitisation and liberalisation are nice but the income still is coming from loans."

LOOKING FOR A TRUST Contact: Paul Den Tex TRUST COMPANIES HUBRECHT



NETHERLANDS BANKING 3

Commercial Banks

Slowdown ahead in growth of net income

HEALTHY SCEPTICISM—may-be even a touch of fear — is the best way to describe Dutch banks' reaction to the fashion-able trends of the day: liberali-sation, securitisation and global-testion. isation. Some trends are here to stay, they realise, but it is a matter of picking the right

The dramatic liberalisation of the capital markets that took effect on January 1 is virtually certain to remain, permanently changing the landscape. Still, the response has been rather slow. Of the new kinds of paper permitted — bullet bonds, float-ing rate notes, certificates of deposit and commercial paper only a modest pile has come out. Much of that has been bullet bonds, which are quite traditional by international standards but previously for-bidden in the Netherlands because of inflation fears.

Bankers along Amsterdam's Herengracht canal cite any number of reasons for the slow response to the liberalisation: slack credit demand from com-panies, concern over sufficient liquidity in the secondary mar-ket, and lack of a credit rating agency. Inexperience with more sophisticated products and safisfaction with the traditional capital and money markets have also played a role. Some felt that the deregula-

securities — suit remains less popular than straight corporate loans. Dutch banks seem to prefer the traditional forms of corporate finance that grew up around shipping and foreign trade. The Dutch central bank has also said that it will con-sider off-balance-sheet credit facilities in solvability requirements. Details are not yet clear but that could reduce the attractiveness of some financial

instruments.

Globalisation is actually a long-term trend stretching back centuries among Dutch banks. International finance sprang up in the 16th century along with Amsterdam's big and powerful merchant fleet. The forerunner of Algemene Bank Nederland (ABN), the Netherlands Trading society, was founded in 1824 by King Willem I- to promote flagging trade with the

International finance sprang up in the 16th century along with Amsterdam's big and powerful merchant fleet. The forerumner of Algemene Bank Nederlands to retail customers who borrow and save. Computer terminals, low-slung furniture and green plants are supposed to create a modern image while instant data is available from friendly All three top banks. Abn, Amsterdam-Rotterdam. Bank (Amro) and Rabohank, the cooperative bank — have good-sized overseas operations and expansion is continuing. ABN has been searching for some for an American bank to buy and recently amounced that it would take over the Bank of Liste in Illinois. Rabohank has fust opened there is not an internal sund at the same for an American bank to bank has fust opened there is an effort to gain a survey large of the market as much as possible.

Fig. 150m on its, "open hank" has look and powerful domestic branches and powerful domestic branches and powerful domestic branches in a comfort-able, living room style to appeal to retail customers who borrow and save. Computer terminals, and save. Computer terminals, market, financial institutions market endeavour with all their resources to maintain and attention on the capital market, financial institutions market endeavour with all their resources to maintain and attention on the capital market, financial institutions market endeavour with all their resources to maintain and attention on the capital market, financial institutions market endeavour with all their resources to maintain and attention on the capital market, financial institutions market intention on the capital market, financial institutions market endeavour with all their resources to maintain and attention on the capital market, financial institutions market intention on the capital market, financial institutions market intention on the capital market, financial institutions market intention on the capital market, financial institutions and attention on the capital market, financial institutions market intention on the capital market, fi





Crédit Lyonnais

come, painful as it may be.

Laura Raun

How	the	Top	six	perf	erme
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	BALANCE SHEET TOTAL Percentage increase						Perc	2 1		
	1976/30	1963	1904	1985	Amount 1985 Fl(bm)	1976/00	1983	1964	1965	Amount 1965 Fl(m)
Ашто	17.1	9.6	1.9	7.2	132.8	10.0	28.4	19.1	34.9	340
ABN	18.1	- 7.6	10.9	-8.2	142.3	10.8	7.1	4.5	19.2	478
Nederlandsche Middenstandsbank	21.1	6.6	7.7	2.7	79.2	22.3	14.1	1.9	22.1	100
Nederlandsche Credietbank	19.2	1.5	1.4	-12.9	18.2	11.7	21.6	-21.1	2.9	7.8
Credit Lyennais Noderland	16.4	-42	24.3	17.6	16.1	*-16.0		_		
Rabohank	17.7	7.4	7.7	2.4	121.7	24.3	15.6	2.4	8.1	868

raction with the traditional capital and money markets have also played a role.

Some felt that the deregulation package was unveiled too quickly without sufficient warning although nearly all bankers agree that the measures were necessary to stay competitive with London and Frankfurt.

Securities—still remains less popular than straight corporate loans. Dutch banks seem to make the top six banks (which some stopped up at than 17 per cent. A sharp rise than 18 provided to part than 19 per cent. A sharp rise than 19 per cent than 19 per cent. A mire's West German bank, the provide same of Eurocheques sakes in each other.

They argue that the wo

Some top bankers like ABN's Mr Robertu Hazeihoff, however, are reluctant to view the steep rise in commission and fee income as a permanent trend. Traditional borrowing and lending, which generate about 70 per cent of all income, will remain a top priority at ABN, he says.

ABN, he says.

That's why ABN is spending
F1 150m on its, "open bank"
project to refurbish all 700
domestic branches in a comfort-

so sharply.

Commission and fee incomplete the accounts for an average of 20 per cent of total revenue among the top six banks (which include two foreign banks), has incontinued to rise this year on the buoyant financial markets.

Some top bankers like ABN's and arrest treasury department grown are reluctant to view the ament are related to the rel

not feel like paying ont cash.

The realities of modern banking, however, have left no choice but to automate.

Corporate clients, offered highly sophisticated financial services from foreign banks, are finally getting computerised treasury getting computerised treasury ground the world cannot be ignored in a country as internationally oriented as the

ignored in a country as inter-nationally oriented as the Netherlands. Change must management systems and other packages from Dutch banks. Back-office functions are also slowly being computerised in an effort to cut labour costs and

foreign exchange deaks with the aim of increasing speed and flexibility in sophisticated issues like commercial paper and floating-rate notes. Amro is the only Dutch bank to organise such a treasury department, a trend more common among US banks.

Mr R. J. Nelissen, Amro chairman, recently explained this bank's philosophy. "In the current situetion on the capital form of strikes.

Bank of Liste in Illinois, Rabobank has just opened three branches and representative offices in the Far East.

Dutch banks as a whole posted spectacular profits in the merchant banking activities banking activities in the market."

Another area where Dutch hanks have lagged is in electronic banking, both for backoffice automation and for frontoffice convenience for customers.

Bankers explain with great selfsatisfaction that the Dutch giro

financial markets in the world.

An much as 90 per cent of the banks have lagged is in electronic banking, both for backoffice automation and for frontoffice convenience for customers.

Bankers explain with great selfsatisfaction that the Dutch giro

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With a combined balance of Dils 31 billion, this system obviously plays a very important role in Dutch commerce.

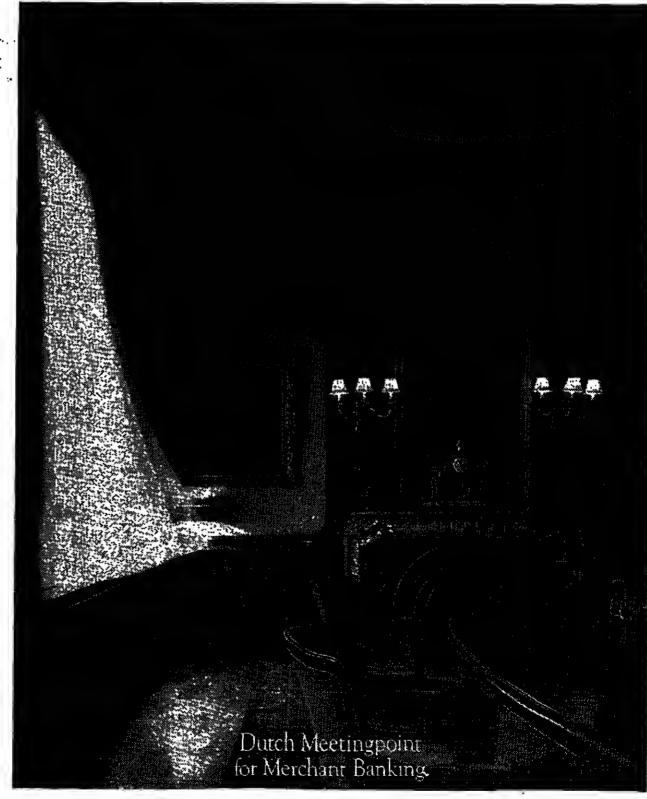
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Co-ordinator of the team at ABN

Robertu Hazelhoff explains his role as chairman of Algemene Bank Nederland

WORKING YOUR WAY UP WORKING YOUR WAY up from the bottom to the top of a company is a hit ald-fashioned. But that is precisely what Mr Roberts Hazelhoff, chairman of Algemene Bank Nederland (ABN), did and it explains much about his management style since taking over the reins of the Netherlands' largest bank a year ago.

"I don't want us to be a fashionable bank," says the genial, pipe-smeking Mr. Hazelhoff, aged 51. "Externally we should have a long-term relationship of standing behind our client and internally we should have good relations with our own people."

He began in 1952 as a lewly clerk opening registered mail in the back office and tending in the back office and tending the counter in the front office. He then spent the next years climbing the ladder through posts in Kampaia, Buenos Aires and New York, spending one-third of his 33year career with ABN abroad. In May 1985 he became chair-man of the managing board.

"I spent 10 years learning the bank," recounts Mr Hazelhoff, who speaks seven languages, including Swahili.
"I know all aspects." That contrasts sharply with the trend in banking newadays toward short and intensive training for recruits who are shuffed from one department shuffled from one department

to another. Coming from the old school, Mr Hazelhoff takes very seriously the long history and rich tradition of ABN. Created rich tradition of ABN. Created in 1824 by King Willem I as the Netherlands Trading Society, the company was aimed at restoring declining trade with the East Indies, today Indonesia. Within a couple of years the trading



Roberta Hazelhoff: a banker from the old school

society had established posts as far fing as Jakaria, Can-ton and Buence Aires.

"Yet the trading society never became a flourishing trading company," admits ABN's official biography, "It was only acting as a middle-man in the trading of tropical produce that it booked good results over a long period of time. Despite these latter results and despite its name, the society seemed destined nevertheless for the banking

In 1964 the Netherlands Trading Society merged with the Twentsche Bank to form ABN and today beasts an branches and affiliates in 44 countries on five continents. At home a 790-branch network saturates the Netherlands.

ABN has continued to expand overseas in recent years, adding branches in Stockholm and Boston this year and that trend will con-tinue. "We are still looking in the US for a very wellmanaged bank with a good loan-loss portfolio and that also is cheap," he says with a hint of picin-the-sky tone in his voice. Becently ABN an-

nounced that it was taking over a small bank in Illinois, the Bank of Lisle.

A pertrait of King Willem I adorns one wall of Mr Hazelhoff's modest sized but well appointed effice serving as a reminder of ABN's charter and as an inspiration for the future. "My main goal is to keep the bank sound and to maintain the excellent firstmaintain the excellent, first-class reputation that we have," explains Mr Hazelhoff. "That

began with King Willem in 1824." Looking back on his first year as chairman, Mr Mazel-hoff says his biggest achieve-ment was that "we have continued in the same way as before. Continuity is the most important thing in hank-ing. Changes must come slowly."

As the head of a bank to

As the head of a bank to which many look for guid-ance, Mr Hazelheff of course does not have his head in the sand. ABN is engaged in one of the most dramatic modernisation plans among Dutch banks.

All 700 of its domestic branches are to be refurbished with an array of new compater equipment, trained staff who can both read a video terminal and deal with the public, in a living room atmosphere. "This is to improve service to clients and to enable employees to become more productive," explains for Hazelboff. "In 29 years people will do their banking at home. Technologically we know what is available but continuer accordance. In

evolutionary."

The bespeciacied banker views all the huma about market liberalisation and securitisation — and accompanying growth of fee income—with pragmatism. "The natural inclination is to focus en what is the latest frashon," he observes, "but between 68 per cent and 70 per cent of our income still comes from our income still comes from interest rate margins. Fifteen years ago Wall Street was not doing so well and no one earned a nickel in securities. So why should we concentrate on it now?"

Mr Hazelhoff notes that

Mr Hazelhess motes that ABN has come to the capital market with new products allowed since the January 1 liberalisation moves, such as a couple of World Bank bullet bonds and Akzo commercial paper. But he contends that many companies can still borrow more cneaply from the hank than they can issue connectial paper. Also the lack of a rating agency and active secondary market have thwarted the flow of hew kinds of products, he adds.

Mr Hezelhess, who is tikely

Mr Hazelhoff, who is likely to remain in his post for another five or six years until retirement, abides by the "team management" school of thought that dominates Dutch industry. "I am the co-ordinator of a team," he explains. "That implies that 99 per cent of the time we are agreed on what the team is doing."

Weaving together Mr Hazel-hoff's philosophy of manage-ment and banking is a heavy thread of humanism — an emphasis on personal contact. "Banking is a people's bilibiess," ha observes. "Our first job is to see that both clients and employees are clients and employees are satisfied and remain so."

Laura Raun

Cooperatieve group shows strong advance

Hoorn avers.

"In the 1S0-year history of savings banks, they bave always been a part of the community society." he notes. "The board members are well-known in the region and that still holds true today."

The board true today."

In the 1S0-year history of during that time although it bas begun rebounding in recent years and now staods at 1S.3 per cent.

Commercial banks and near banks, relative newcomers to the savinge.

Decentralisation has also proven to be a good policy in macro-economic terms. Member banks have survived in smaller towns and villages where unemployment bas fallen faster than in larger cities and local residents thus have had more disposable income to save or invest with the help of business loans. Merged savings banks, in contrast have tended to focus their activities in bigger cities where more poor people live and unemployment has proven more stubborn.

The Cooperatieve association has added two new member banks this year and now numbers 22 which are scattered throughout the Netherlands.

A farmer's field and a forest of town bouses on the outskirts of the cooperatieve is the Cooperatieve is the Cooperatieve is the Utrecht. The Cooperatieve is the Solidation of a consolidation of accordance in can banks. The Solo savings hanks of a quarter of a century ago are concentrated into 28 today. That number will shrink again to 20 by the end of 1986, according to Mr W. F. Van Leeuwen, director of the association of savings banks. Eventually there will be "five big banks and five small ones," be predicts.

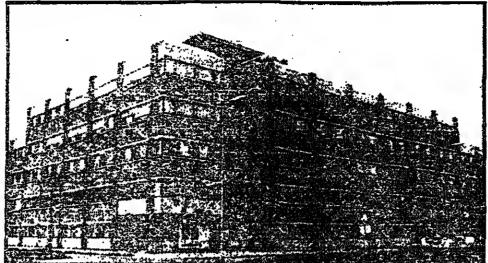
the fourth largest in the land, is growing faster than many and is enlarging its market share while savings banks as a whole are just holding their own in the savings market.

Mr J. H. Hoorn, chairman of the Cooperatieve association, attributes much of the bank'a success to its members' strong ties to the local community. By promoting affiliation rather than mergers, the Cooperatieve has kept more of its members' local management and flavour, Mr Hoorn avers. predicts.

> hanks, relative newcomers to the savings market, have offered higher yielding deposits than traditional savings accounts. The Roparco invest-ment fund that is part of the Robeco group and the Direkt-bank operated by Nederlandsche Credietbank, which is wholly owned by Chase Manhattan, have drawn savers by the have drawn savers by the droves.

> These attractive deposits have forced sayings banks to come up with more interest-related products, such as short-term deposits, alongside the old-fasbloned low interest savings accounts. But the higher yield-

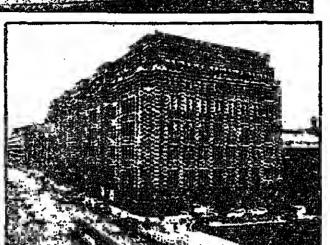
interest-rate margins. Pension funds and insurance numbers 22 which are scattered throughout the Netherlands. Total net income spurted 33 per cent to F1 13m last year while the balance sheet total rose by 12 per cent to F1 2.05bn. Both totals bave risen steadily since the association's founding in pension funds and insurance companies likewise have eaten into the savings ple. Contractual into the savings offered by these into the savings ple. Contractual into t



Above: headquarters of the Co-operatieve Vereniging van Bondespaarbanken in Utrecht. Below: Mr J. H. Hoorn, chairman of the association who believes much of the bank's success is due to members' strong



In contrast, the savings banks are pot particularly worried about fresh competition from the Postbank, the newly amalthe Postbank, the newly amalgamated Postgiro and Rijkposts spaarhank that opened its doors on January 1. It has been known for years that the Postbank would eventually come loto being, so savings bankers have been prepared. But the Postbank controls about 15 percent of the savings market now and could pose competitive threats if it adopts a more aggressive stance.



Market Share of	Savings				
	1981			1984 ze —	198 5 .
ostgiro/Rijkspostspaarbani Postbank)	k 13.7	14.6	15.3	15.2	15.0
avings Banks	16.9	17.3	17.6	17.4	17.1
abobank	41.0	40.7	40.5	40.5	40.4
niversal Banks	28.4	27.4	26.6	26.9	27.5

sborter than mortgages and thus better match the shorter-term

deposits.

The more even balance be-tween assets and liabilities is tween assets and liabilities is precisely why Mr Hoorn views corporate lending as the most promising source of income in coming years. "Customers wanted their interest adjusted more quickly but mortgages and private-placement loans did not allow us to do that," he explains, "Comporate loans do." The main market for savings associations' corporate lending is small- and medium-sized businesses, such as agricultural con-

aggressive stance.

Savings banks are fighting hack against all pressures, though. They are moving into corporate lending, a traditional haven of the commercial hanks.

explains, "Corporate loans do."

The main market for savings associations' corporate lending is small and medium-sized hust-nesses, such as agricultural concerns, wholesalers, veterinaries, accountants and doc-

Corporate loans are usually tors. Many of these borrowers were already depositors with the savings banks but were not allowed to have business credit.
The Dutch central bank first

gave savings banks permission to go into corporate lending in 1981 hut virtually no one did because of the economic recession. Now that the economic recovery has taken hold, savings banks are moving gradually into the new form of credit and its ancillary activities such as letters of credit, insurance and

ancillary activities such as letters of credit, insurance and management advice. The price they are paying for the new privileges is liability for regular corporate tax rates instead of the previous exemption.

Savings hanks began in 1817 as philanthropic foundations backed by community leaders for pooter people who bad too little money and prestige to qualify for commercial bank accounts. The industry paid little or no tax under governmental dispensation and attractive in the previous exemption.

Dr C. J. Schotsman, a member of Postbank's four-man hoard of management, stresses thal continuity and security of service to customers could be provided only in confoundity with the rest of the market. The bank must meet the same

small deposit.

The balance sheet total for all savings banks rose 5 per cent to F1 30.9bn at the end of 1985 compared with a year earlier while net income fell a slight 2 per cent to F1 317m. The industry maintained its bealthy equity-to-assets ratio at 9 per cent, which Mr Van Leeuwen likes to point out is three times bigher than commercial banks. He notes that the strong balance sheet puts savings balance sheet puts savings banks on a strong footing to withstand the onslaught of competition. An effort to cut costs and improve customer service through automation is also reap-

ing benefits.

The savings associations, with their smaller aize, have been much more willing and able to move into electronic banking than universal banks. The benefits have been threefold: keeping smaller banks open. costs and improving

more than a decade ago the savings banks hegan on-line computerisation of back-office accounting, electronically link-ing the far-flung members of the associations. Mr Hoom the associations. Mr Hoorn estimates that as many as half of all savings banks, mostly the smaller ones, might bave had to close if automation had not

close if automation had not increased their efficiency.

The costs of providing an individual current account, for example, bave been reduced below the FI 600 a year the commercial banks pay, Mr Hoorn believes. Customers themselves get served faster. themselves get served faster since they do not have to walt for bank clerks to rifle through

for bank clerks to riffle through mounds of paperwork.

Not only back office operations but also front office business has been automated. Far more automated teller macbines adorn the walls of savings banks than universal banks, providing ready cash 24 hours a day. The conveniences of instant cash and quicker service are believed to have attracted a growing number of younger people, a promising group since they are likely to remain account holders for many years. Electronic banking, corporate Electronic banking, corporate lending and new products are all helping to break down the traditional barriers that historically separated savings banks from commercial banks. Savings banks are losing their pampered position as philanthrople foundations and being expected to compete on an even footing with other financial institutions.

But Mr Van Leeuwen, among others, is confident, "We're in a very strong position to withstand the competitive pressure with our healthy balance sheets," he declares proudly.

Laura Raun

Postbank

Ambition is to provide full range of services

THE NETHERLANDS' newest bank, which opened its doors on January 1 with a balance speet total of Fl 48bn (£12.66bn) bas heen around for some time. Postbank, combining all the operations and husiness of the Dutch postal giro system and of the Dutch postal savings bank, carries on traditions that date back to the late 19th continue.

Yet its new incarnation is far more than a tidying-up operation of two large postal institutions which are familiar enough in most European countries. Postbank intends to build itself up in time into a full, universal bank competing across the entire spectrum of financial services activities. The ambition is vices activities. The ambition is well within its reach, given that

Some 7m accounts among a population of 14.5m. About 4S per cent of the volume of current account trans-

A good 15 per cent of the A good 15 per cent of the volume of private savings.

An 11 per cent share of the country's mortgages, second only to Rabobank, the co-operative institution the roots of which are deep in the prosperous Dutch farming com-

perous Dutch farming community.

A strong hasis of experience in electronic transfer and payment and payment systems.

Small wonder that the Dutch commercial banks fought hard for the best part of a decade to prevent the full emergence of so huge a player into a banking market that, by the mid-1970s, already showed signs of being oversupplied. As a result of the banks' opposition, the Postbank came into being through a policanks opposition, the Postbank came into being through a political compromise that will exclude it for several years from much wholesale husiness, foreign exchange and foreign transactions, securities and in surance.

For the predecessor institu-tions themselves, much of the attraction of joining together into a fully fledged hank was defensive; they had begun to

mental dispensation and attrac-ted a large number of customers each with a relatively small deposit.

bank must meet the same solvency requirements as others, and is subject to central bank, rather than ministerial supervision. It is expressly denied any reduction in postal or telephone charges on the part of its former overlord, the post office. It bas 14 offices (predating its January foundation) which specialise in commercial cus-tomers' needs, but apart from these is bound to the post office by a contract which at the same

by a contract which at the same time bars the posal authorities from handling business on the part of other banks.

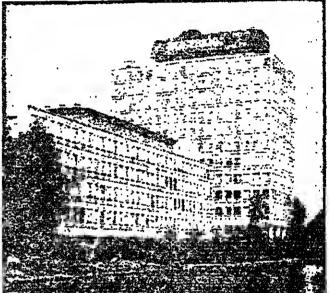
Postbank also pays rent on the basis of an audited apportionment of its share of the costs of post office premises, and of the time spent on its business by post office ataff.

One of the crucial differences between Postbank and its rivals

between Postbank and its rivals is that it bas relatively few



member of Postbank's fourman board of Management stresses that continuity and security of service to customers could be provided only in conformity with the rest of the market. Below: Postbank's head office in Amsterdam.



staff of its own and virtually no investment in the expensive property and buildings which most banks depend on for their retail business. Dutch postal cierks hand out Postbank leaflets, cash cheques and accept cash for deposits or for giro payments.

Any customer who wants a more complex service, such as a mortgage, a loan or a travel insurance package, must either write or telephone though Postbank has for several years been developing its own electronic home banking ser-vices and has some test systems

Such an approach seems to fly in the face of conventional wisdom in the retail banking field, where heavy stress is laid on a friendly, personal approach by institutions in many countries. Yet Dr Schotsman bas no doubts that the Dutch public is sophisticated enough to accept a remotely organised banking system, and points out that Postbank's parent institutions have been successfully carrying it out for years. Indeed, the Dutch postal giro became the world's first fully automated account system two decades ago. Postbank thus holds two trump cards as it struggles to

make up for lost time in oroad-ening its scope. First, its low overheads and huge number of customers means that it can ignore pressure within the rest of the Dutch banking system to introduce charges on current

"In this country, it's a zero sum game," says Dr Schotsman "The other banks will be forced to follow our market leadership, and we bave no thought of charging private

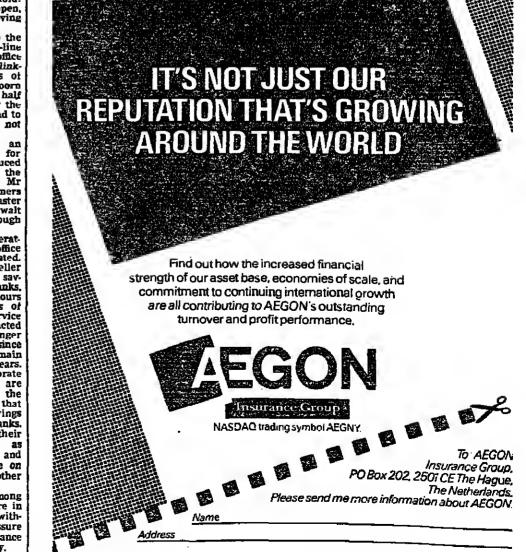
customers for their curren

accounts."
The second point on which Postbank can probably afford to defy the competition is the standardisation of card-based inputting devices and delivery equipment for its automated banking system. Postbank is experimenting with real time point-of-sale terminals at some 50 filling stations in the south of the Netherlands.

It has also set up a separate experimental system in the experimental system in the Rotterdam-Amsterdam region on lines that are deliberately incompatible with those being developed by the rest of the hanking community. Dr Schotsman makes no apology for this: "We feel we have to pursue our aims rather appressizely." pursue our aims rather aggressively." Postbank is also working to

broaden its services to Dutch insurance, travellers' cheques and the facility to cash postal coeques in foreign post offices— a cheaper if less flexible service than the standard Eurocheque. All this could, however, seem relatively minor compared with the clash of interests that may develop once the present limita-tions on Postbank's activities are reviewed in three or four years' time. Dr Schotsman believes that by that time, the pressures for structural change in the relationship between banks, insurance companies, pension funds and other financial institutions in the Netherlands will be an great as to force a rethink of the bandicaps under which the new bank bas started life — and perhaps even to tempt the Gov-

ernment of the day to sell a slice of its equity. Adrian Dicks



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NETHERLANDS BANKING 5

Amsterdam Stock Exchange

Striving for a place among giants

REVERBERATIONS of the "Big Bang" have been heard loud and clear in Amsterdam, well before the actual event of the restructuring of London's securities markets, due to take place in October:

The Amsterdam Exchange has lost no time building up its present business, and attempting to launch areas of expertise which it hopes will guarantee it a solid future in an era when, according to the conventional wisdom, world-wide trading in equities will be parcelled out among a handful of large and liquid markets. For a market which ranks, by capitalisation, no more than tenth in the world, the gamble may seem bold that Amsterdam can find a niche for itself among the glants. In two important respects, however, it has already moved inwards global trading in the shares of major

ompanies.

It has worked to develop usiness in original US shares brough the Amsterdam ecurity Account System Security Account System (ASAS), first set up in 1990. This spring it has also extended the same system to some two dozen Japanese stocks, most of them already listed in Amsterdam in the more cumber-some and expensive bearer

made to foreign membership of the Amsterdam SE. In addition to a handful of US and French banks, three of the big four Japanese securities houses have taken up membership and are expected to become fully active in the near future.

Mr Akiyoshi Lin

director of Yamaichi Inter-national (Nederland), describes the Dutch market as small but for the time being the exchange very orderly, and adds that one attraction of the Netherlands is mind on the question of fully-the universal banking system, allowing Yemsichi to take deposits and maka loans in due to be completed by Octo-

AMP. CBS General Index

The trading floor of Amsterdam Stock Exchange: a move towards global trading has already taken place

some and expensive bearer certificate form.

In each case, costs are kept block trading under the name of the Amsterdam Interprofessing of ahare certificates is involved; trunsfets and settlements take place by a book entry system, while in each case, settlement practices of the home market are used.

Amsterdam bossis that differences, between its ASAS prices and New York Stock Exchange prices in the same —hardly an enormous sum com-

It has long been possible for customers to claim limited re-bates from the 0.7 per cent com-mission normally charged on share dealings in Amsterdam once transactions exceed F1 Im. mind on the question of fully-negotiated commissions, though an evaluation of the matter is due to be completed by Octo-ber 1.

Yet, whatever its conclusions,

deposits and make loams in due to be completed by Octoaddition to dealing in securities.

With a core of US and
Japinese shares in which an it seems unlikely in the long inexpensive and accurate market can be made outside. New participants will insist on York and Tokyo trading hours.

Amsterdam hopes it already has the kernel of a role in the global equity market.

To help develop this further, price cutting is alleged by the Amsterdam SE has also moved to implement a number reached such extremes that of structural and regulatory profits have been virtually changes of a breadth that cause wheel out.

Mr George de Vries of Pierson Among recent steps to

different, possibly unrecognis trading based closely on that chie."

of the London Stock Exchange.

The most recent change is Tha ASE itself will, as in the past, play the principal regu-latory rola though legislation to back the coda up is expected

> In the meantime, the Dutch In the meanume, the Druch Government has also tabled a new investor protection law aimed at curbing the numerous bucket shops which have flourished in the Netherlands outside the reach of the stock exchange authorities. While relatively few Dutch investors are thought to have been swindled, the government has evidently acted to protect the good name of the country's capital markets. capital markets.

> A more serious threat to the A more serious threat to the new role which Amsterdam is trying to fill is widely beld to come from the Dutch fiscal regime. The securities industry has lobbled for several years for the abolition, or at least reduction, of the 0.12 per cent stamp duty charged on the effective value of apert transaction. tive value of every transaction on the ASE.

In addition, the Netherlands imposes a 25 per cent withhold-ing tax on all dividend income from shares in Dutch companies, whether they are held by foreign or domestic investors. This, too, has been the object of a lengthy campaign, waged by academic economists no less than by bankers, arguing that the tax discourages risk-taking and forces companies to raise debt capital, since no withholding tax is applied to interest payments on bonds.

Although Mr Ruud Lubbers' Mr George de Vries of Pierson Among recent steps to centre-right coalitioo Govern-Heldring & Pierson, a noted improve the workings and ment made no move to accede to expect on the market, to observe that "in three years" time, the ASE has adopted a code of taxes during its first period in other dayling with the cuited and the control of the second co

appears convinced that Mr Onno prices in the block trading Rodiog, the finance minister, personally favours reform. They are counting heavily on the expertise of the Should he keep his post once oegotiatioos are completed on a new coalition, he can expect to be on the receiving end of a fresh round of pleas that market depends on removing what the participants fear could have the participants fear could be three dozen firms concerned to establish the accuracy of the prices of block traded issues, which now extend to some 20 true handful of the more liquid Dutch Government bonds and equity options on the European Options Exchange.

be a serious dampener on business. This year the Amsterdam stock market has shown oeither "Once you negotiate commissions and our stamp duty, what more can you do?" asks Mr Fuchs at the stock exchange. "The only thing that remains is to change the mentality; that means you have to get people out of the habit of waiting for the phone to ring and into the the spectacular gains oor the dramatic sell-offs of other European bourses. Yet the ANP-CBS Geoeral Index has gained over 21 per cent since the beginning of the year while price/earnings ratios for the total market, according to DataStream, have wideoed over the past year to about 12.3 per cent from 8 per cent

the phone to ring and into the habit of going out to generate orders. To get the orders, you need quotes and you need accurate prices." With corporeta earnings strong and interest rates declining, Pierson believes the fundamentals still favour growth and looks ahead to a rally once the current coalition talks are completed. To this end, the ASE is not only making much of the accuracy of its American prices and, in future, its prices of listed Japanese shares. It is also trying to ensure that despite the new block trading system, the central market price merhatism is multiplied and a

has also seen a steady trickle of new listings, with 23 new equities and two bond funds added, including among the shares several smaller Dutch mechanism is maintained and a "dealers' market" avoided of the type now characteristic of Euro-bond trading. companies promoted from the parallel market. Amsterdam is sticking to its system of specialists on the floor, who must be independent of the banks and brokerage firms and may not deal directly with investors. Each specialist, known as a hockman, is assigned

Adrian Dicks

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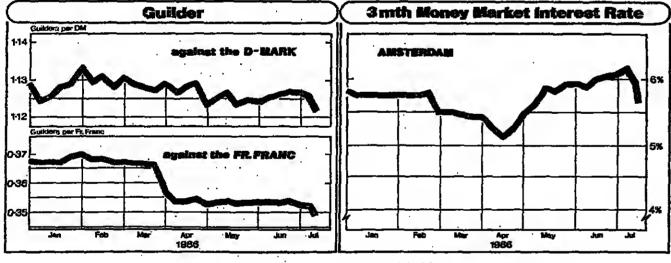
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Guilder and the ECU

Sticky situation starts to ease

TRADITIONALLY one of tha cooler, less volatile currencies within the European Community, the guilder has made an unsually turbulent start to 1986, forcing the Dutch central set in motion a number of Dutch central bank continoes to the set and the control of the central bank continoes to the set and the central bank continoes to the central centra an unsually turbulent start to a unsually turbulent start to a 1986, forcing the Dutch central bank note strong support action at one stage and leading to a steep rise for local money troublesome to the Dutch guider.

3.^ ...

There is nothing much wrong with the Dunch economy. Gas prices might be tumbling under pressure from lower oil prices, modest devaluations elsewhere. but the Government in The Hague is confident it can comfortably compensate for lost gas revenues through a relatively painless package of tax measures. Dutch inflation is low, and the nation's trade D-mark and the guilder.

April when Europe's Finance this level ever since. Ministers met in Ootmarsum on the Dutch-West German border to haggle over the realignment bottom of its EMS parity grid to haggie over the realignment bottom of its EMS parity grid of the European Monetary wille at the other extreme the System. The French left the French lad moved up to negotiating table with most of its intervention limit of 21 per what they had demanded, a 5.5 per cent devaluation. The Despite subsequent and quite guilder moved up 1 per cent in sharp declines in French

Denmark and Belgium moved up in line with the Netherlands and Germany. The upshot was a dramatic upsurge in investment demand for the French frenc —at the expense mostly of the

Immediately after the EMS The guider's difficulties have arisen seemingly through no fault of its own, and as a result there seems little that the Dutch authorities can do, apart from sitting tight and riding out the sound a fifth—from 5 per cent to about 6 per cent, and have looked to be firmly stuck at this level ever since.

Subsequently the pressures on the guilder eased, but the Dutch central bank continues to keep a very firm rein on the guilder-D-mark cross rate. Something like 60 per cent of Dutch trade is with West Germany and tha currency differentials between the two countries are seldom less than crucial in the Dutch authorities. crucial to the Dutch authorities.

There have been no official indications, but it eppears to Dutch bankers that the guilder-D-mark cross rate is being held within a trading range of F1 1.123 to F1 1.13. Any move-FI 1.123 to FI 1.13. Any move-ment either side of this very narrow differential tends to spark off central hank interven-tion, initially through the mooey markets.

In Amsterdam, bankers feel that the EMS realignment had that the EMS realignment had more to do with political manoeuvring than with hard economic planning. They may have cause to feel aggrieved given the speed at which their source of funds costs shot up in April when the central bank gingared up its dealing reces. gingered up its dealing rates. But even so few observers entirely doubt these sentiments.

For the moment the guilder pressures are all external.

Internally though some disquiet is being created by the

now rising relatively fast, and the tax increases needed to compensate for lower gas revenues will have an obvious

a group of stocks in which he makes a market (though in con-

trust to the New York Stock Exchange system, the market makers compete against one

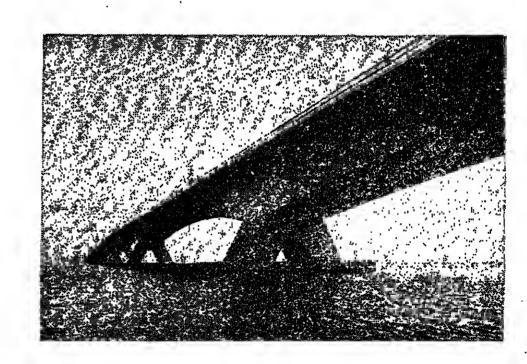
The ASE authorities are con-cerned that the hockmen should

salverse impact on the con-sumer price indices.

Curiously the upheavals within the EMS this year have not been countered by an up-eurge in demand for the Ecu-the European maneters unit) (the European monetary unit). The Ecu is probably used more widely in the Netherlands than most other Community countries, and it already has a relatively strong working base within the Dutch economy. But there are signs that the currency basket has gone partly out of fashion among company treasurers, proving less stable in recent months and more

costly.

The Dutch guilder accounts for around 10 per cent of the Ecu weightings with the German D-mark retaining outright dominance at \$2 per cent. Sterling and the French franc combined account for more than a third (with sterling at 15 per cent) and it is this which has mostly created the recent



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Aircraft sales soften fall at International Leisure

International Leisure Group, the tour operating, airline and divided of 3p making a neithods concern, reported pre-tax total for the year up from 4.8p to 5p.

124.8m to £23.5m for the year could March 31, 1986. The reduction, however, would have been greater but for so increased contribution from sircraft sales of £14.7m, against to £25.5m.

The result was in line with for so to face to

The result was in line with the forecast of not loss than 123.3m, made in March at the time of the £28.3m rights issue.

Reviewing prospects. Mr harty Goodman, the chairman, said yesterday that with the benefit of the rights issue proceeds, it was anticipated that the group's first-half profits—before lax and aircraft sales—would be substantially ahead of the group's multiple hranding strategy enabled ILG to achieve a 20 per cent increase in the number of passengers carried, raising its market share to over 15 per cent.

before lax and aircraft sales—
would he substantially ahead of
last year's corresponding
fil-8m.

Although early indications
were that activity for the second
half was at an encouraging
level, he said it was impossible
to give a firm forecast of the
likley outcome. However, the
bookings to date hy 75 per cent
to file outcome. However, the
bookings to date hy 75 per cent
to 1.5m.

Although, following the
upprecented price competition in early winler 1985 brochure margins this year were
contract sales) would he significantried, raising its market share
to over 15 per cent.

However, the tour operating
market for summer 1986 was
more buoyant than last year and
the group had increased its
bookings to date hy 75 per cent
upprecented by the group had increased its
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reported for 1985-86. high load factors would be Earnings per 10p share increased from 38.8p to 39.3p discounting than last year.

Wyko edges

ahead despite

exchange loss

1956 the pre-tax result was just £62,000 ahead at £1.89m after

exchange iosses of £161,000 compared with profits of

Mr Roger Edwards, the chair-

Mr Roger Edwards, the chairman, said that a satisfactory rate of growth in turnover had heen accomplished, hut it slowed in the second half in the light of a quieter market. Turnover, which was a record in all divisions, rose from £23.96m to £29.62m, over the year.

The directors have proposed a final dividend of 1.5p, hringing the total for the year to 2.6p. This will be paid from lower earnings of 6.4p (6.7p)

Howden profits retarded

Exchange losses have hit the profits of Wyko Group, West Midlands-based manufacturer of hearings and power transmission components, in its first full year since joining the USM. For the 12 mooths to April 30

Turnover advanced by almost £60m to £224.13m. Earnings per share were marginally higher at 12.4p (12.2p) and the directors yesterday proposed an increase in the final dividend to 2.95p (2.46p), lifting the total to 3.85p (3.36p).

man tour operating market, which is of similar size to that of the UK. Operations commenced for aummer 1986 with sights from Dusseldorf, the leading airport for German heliday passenger accounting holiday passengers, accounting for some 40 per cect of that

Air Europe continued to achieve a high level of utilisa-tion. Although its profit contion. Although its pront contribution fell due to the reduction in the size of the fleet, this was mitigated by improved margins, giving a cet decline in profit coetribution from £5.1m to £3.7m. Air Europe's flight capacity had been fully contracted for summer 1885 contracted for summer 1986. Since acquisition in 1985, the group's three London hotels had performed strongly and con-tributed £0.6m to profits this

The botels, despite the adverse effects of the reduction in the number of American tourists, were currently achiev-ing relatively high-capacity

by cuffency movements

Without the effect of the stronger pound since the end of the previous financial year. Mr R. C. Meech, the chairman, said that 1985-86's profit of \$11.71m would have been 16 per cent higher. Profits in 1984-85 reached £11.37m.

@ comment Currencies have not been kind

Howden Group's taxable tax level leaving the number profits advanced by less than barely 3 per cent up. The 3 per cent in the year to end-shares shed 2p to 97p on the April 1986 with adverse curfigures—a moderate enough rency movements affecting the move by the standards of recent treatments. weeks, where the price has bounced from a little over 90p to almost 120p before sagging again, but still a slightly odd reaction. The turnover figure has been inflated by the wind farm project in the second half but no profits have been taken, so the dent in margins can be not described. put down to Howden's tradi-tional conservative approach to profits. The final contribution from that project is almost anybody's guess at this stage but allowing little for that the pre-tax line could bush its way to over £12m in 1986-87 and may-be £13m if currencies do not cause too many problems. Even on o pessimistic line the proppective p/e is well into single figures which looks oddly cheap to Howden. They robbed the figures which looks oddly cheap group of a near 20 per ceot given that 20 per cent of sales profits improvement at the pre- are geared to the defence sector.

Healthy response to TV-am flotation

The offer for sale of shares in TV-am, the breakfast tele-vision station being floated on the unlisted securities market, the unlisted Securities market, appeared last night to have been healthily oversubscribed. First indications suggested that 35,000 to 40,000 applications had been received for the 12.2m shares on offer when the application list closed yesterday, and that the issue woold be oversubscribed about 10 times.

about 10 times.

The response was seen in the City as having been particularly good in the light of the 27-point fall in the FT Ordinary index the day before. TV-am viewers are thought to have responded in large numbers and the shares are expected to open at a premium of at least 10p when dealings begin next Wednesday.

The favourable reaction to TV-am's flotation follows soon after the warm welcome given to Thames Television, whose offer for sale was oversub-scribed 27 times at the end of

last month.
Thames's shares are now trading at a premium of about 35p to their offer price of 190p.

The precedent clearly

The precedent clearly favoured TV-am's flotation and there was also speculation that unsuccessful applicants for shares in Thames had sought TV-am shares instead.

Mr David Clementi, a dir-

ector of the merchant bank Kleinwort Benson which spon-

Kleinwort Benson which sponsored the flotation, said the issue appeared to have been well subscribed and he was very happy with the response. The number of suspected multiple applications had run into thousands and these had been rejected. It seems likely that cheques will be returned direct to applicants rather direct to applicants rather than being banked first as in some previous flotations.

The basis of allocations will be worked out today. Mr Clementi said it was too rarly

clement said it was too carry to speculate on the likely distribution but TV-am had indicated that it wanted a degree of preference for applications from smaller shareholders.

TV-am said it wanted to see the forces of the forces.

the figures for the response before commenting, but added that it would be seeking as wide a spread of shareholders

Charles Batchelor on the background to the Bestobell bid

Sir Owen deals a strong hand

CONTEMPLATING the failure of his £29m takeover bid for eBstobell in July 1979, Sir Owen Green, chairman of BTR, the diversified conglomerate, said ominously: "I hope they will go ahead and fulfill their

Bestobell did go on to meet its forecast of a 30 per cent profit rise in 1979 but subsequeot years have seen the eogin-eering and machine tool distribution group's performance see-saw alarmingly.

saw alarmingly.
Yesterday came the proof that
Sir Owen's patieuce had
anapped. BTR swung its 29 per
ceet shareholding in Bestohell—
most of it acquired during the
abortive takeover attempt—
behind a £89m takeover hid
from another specialist engineer,
Meggitt.

Meggitt.
In return, BTR will acquire
a 25 per cent hoiding in Meggitt
and Mr Norman Ireland, BTR's
finance director, will join its

board.
"That damn company has always been promising," Sir Owen said. "It was always eoing to happen. But they were still a long way from what were still a long way from what a reasonable man would think they were capable of doing. A major change was required."
Change is heing proposed by Mr Ken Coales, 53, chief executive of Meggitt and his figance director, Mr Nigel

McCorkell, 39,
They joined Meggitt in
November 1983 with the aim of
returning the company to profit. Mr Coates began his business career at Ford Motor Company hefore going on to run o number of private ond public companies while Mr McCorkell is a chartered accountant with merchant hanking experience.

The two men had already worked together for several years at Flight Refuelling, a supplier of specialist equipment to the aircraft and electronics industries, which they expanded

houseries, which they expanded hy acquisitions,
At Meggitt they have wrought an even faster transformation. In 1984 Meggitt incurred a ioss of £180,000 its best performance for three years—on turnover of £3.8m and the market valued the company at just £800,000. Yesterday the board forecast it would make o pre-tax profit of £3.9m in the year ending October 1986 on turnover of around £40m, Meggitt's market capitalisation is now about £65m

Meggitt has ambarked on an ambitious acquisition programme designed to take it into higher technology markets in the electronics and energy

Mr Coates' management approach is to concentrate on



Mr Ken Coates, chief executive of Meggitt



81 finance director of Meggitt

clearly identified product divisions.

"We believe companies should be product driven." be commented. "In some organi-sations you can get halfway down the management structure before you get to the people who know the producta. The best German and Japanese companies are product driven."

are purely geographical, comprising North America, Australia and Southern Africa.

"Take North America, Australia and Southern Africa.

"Take North America, Said March he added the chief executive's functions to his role and announced on upturn in just £471.000 the year before upuipment alongside steam traps (which reduce energy use best German and Japanese companies are product driven." down the management structure before you get to the people who know the producta. The best German and Japanese companies are product driven." At Meggitt these theories have led to the creation of four

have led to the creation of four main divisions — engineering distribution; aerospace and defence systems and components; equipment for the energy and petrochemical industries; and electronic components and circuitry. A fifth division is being developed in the area of process control and interview.

in the area of process control and instruments.

The problem at Bestobell, according to Mr Coates and Mr McCorkell, is that the company has installed a divisional structure based on geography.

True, the UK and Continental Europe is split into aviation and engineering on the one

Europe is split into aviation and engineering on the one hand and controls and instrumentation on the other. But until Mr Ingman, a former ICI

mot indiscrete product areas."

Mr David Ingman, Bestobell's at niche husinesses rather than chairman, clearly believes the required approach is the right one and can be expected to defend his decision in the

into major problems on insula-tion contracts at two power station construction projects in Bestoheil's second largest share-Australia.

These difficulties precipitated a series of boardroom changes

MEGGITT PROFITS EXCEED £1.3M

MEGGITT PROFITS EXCEED £1.31M

THE ENLARGED Meggitt Holdings yesterday reported higher taxable profits of £1.32m for the six months to end-April 1986 compared with a restated £892,000 for the corresponding half of the previous year. The comparative results were prepared on a merger accounting basis following last year's acquisition of the Negretti group.

Meggitt is a holding company with interests in making aviation instruments, electronic components and energy related engineering products.

Turnover advanced from a restated £13.78m to £16.71m and generated a higher operating profit of £1.4m, against £1.07m. Net interest payable totalled £72.000 (£175.000).

Earnings per share were unchanged at 2.2p after accounting for the rights issue last February, An interim dividend of 9.5p (nil) was declared.

chairman last September. In March he added the chief executive's functions to his role

Mr Nigel McCorkell,

At a time when cogioceriog mergers appear to have falled defend his decision in the coming weeks. Sir Owen took the view both approaches were valid, as long as they were implemented by good management.

But Beethell's problems of the first appear to have larged appear to have

But Bestobell's problems go for the Meggitt hid. The institutions have hegun installed management structure. In the early 1980s the group ran role in recent hids, announcing holder with a 9.2 per cent stake, said yesterday it was waiting to see the hid docu-ments hefore taking any

decisions. However welcome BTR's hacking is to Meggitt it will leave SIr Owen's acquisitive conglomerate with a sizeable stake in Meggitt which could.

lo theory, be used to launch a bid of its own. Sir Owen and the Meggitt team were adamant yesterday that they had firm agreements which would prevent BTR either increasing its stake or disposing of its bolding to a large single investor.

"There has to be an element of trust," said Sir Owen. "We would not intend to he a Trojan horse."

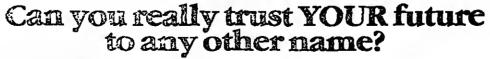
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- We were the first to launch NON-ASBESTOS truck and bus linings into the UK aftermarket.
- 7. We supply friction products for virtually every application, from cars and motorcycles, to
- More World Championships and major motor sporting events have been won with FERODO disc brake pads than with any other make.
- 9. We are a British-based organisation with factories not only in the UK, but also in eleven other countries including Germany, Italy, Spain and the USA.
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Tiphook overcomes birth pangs and surges by 67%

comment With the debacle over Tiphook'a this to make up its mind.

AN ADVANCE of 67 per cent in pre-tax profit, from £1.65m to £2.77m, is reported by Tiphook for the year ended April 30 1986. The company is the largest container rental organisation in the UK.

The group became public a year ago but its offer for sale was plagued by problems. It postponed its entry into the market because of conditions in the new issue market, and then had only 16 per cent taken up. That was attributed partly to the error in the prospectus which gave asset value per share as 90.1p when the correct figure was 62.5p.

In first dealings the shares showed o 4p discount on the offer price of 110p. Yesterday, the shares closed at 335p, down 5p on the day.

Mr Robert Montague, executive chairman said long run economic factors favoured container an dtrailer rental on a worldwide basis.

Turnover advanced 77 per cent to £25.3m. After tax of £4.8m within reach for the final dividend is 2.48p for a total of 3.73p net.

Ocomment

Ostation a distant meory and some hullish talk about the company's prospects, its shares had a strong run-up to the results. The some hullish talk about the company's prospects, its shares had a strong run-up to the results. The final dividend is 2.48p for a total of 3.73p net.

Ocomment will go, and it may take another year of profits growth like

USM via share placing

Personal Computers joins

Personal Computers today becomes the second microcomputer dealer to join the Unlisted Securities Market in the iast week with a placing of 682,667 shares at 120p each through hrokers Phillips & Drew. Its value at the placing price will be £6m. price will be £6m.

The company aelis personal computers and software to business users and has dealership arrangements with leading manufacturers such as IBM, Apple, Compaq, Ashton-Tate and Lotus. It also offers hack-up services such as training, field engineering, consultancy, rentals, networks and technical

rentals, networks and technical support.

Personal Computers was founded in 1977 by Mr Malcoim Rolfe, now non-executive chairman, and Mr Michael Sterland, oow managing director. Mr Rolfe is chief executive of Rolfe & Nolan Computer Services, tha USM-quoted commodity trading systems house, and Mr Sierland used to be responsible for sales and marketing at the same company.

Last Friday, Fletcher Denoys Systems, a dealer founded by former ICL employees, came to the market of a value of £4.8m through a placing by Capel-Cura Myers. The two companies share a number of similarities but a number of similarilles, hut
Personal Computers says it is
particularly orientaled towards
financial services whereas
Fletcher Deonys has a large
number of local authority
clients

clients. Personal Computers comes to the market oo an hisloric price/ earnings multiple of 12.2 com-pared with 14.9 for Fletcher Dennys.

Frederick Cooper

Fred Cooper has conditionally ogreed to purchase ABT Hardware and Speedcraft Security for an initial combined consideration of 771,876 ordinary shares, valued at some £980,000. Personal Computers' pre-tax profits have risen from £6,000 in 1982 to £710,000 in the year to last May on salea up from £927,000 to £3.2m. The company has avoided the problems adderation of 771,876 ordinary shares, valued at some £980,000. The vendors will retain 200,000 of these for at least 12 months; the remainder have been placed in the market to realise £685,000 nat. The vendors will retain 200,000 of these for at least 12 months; the remainder have been placed

CATERPILLAR INC.

Authorised 2200,000,000 shares of Common Stock of 98,523,557 US\$1.00 per value

Application has been made to the Council of The Stock Exchange for the admission to the Official List of all of the 98,523,557 shares of Common Stock of Catarplilar Inc. (the "Company"), issued at 22nd May, 1986 following the change of name of Caterpillar Tractor Co., a California corporation, to Caterpillar Inc. and its reincorporation in the state of

Particulars of the Company are available in the statistical service of Extal Statistical Services Limited. Lieting particulars relating to the Company and its reincorporation have been published and copies may be obtained during usual business hours, up to and including 18th July, 1986, from the Company Announcements Office of The Stock Exchange (for collection only) and, up to and including 1at August, 1986, from:-

Cazanove & Co., 12 Tokenhouse Yard, London, EC2R 7AN

16th July, 1986

PAINEWEBBER GROUP INC

has acquired LONDON & PACIFIC TRUST LIMITED to provide banking services in London

The name has been changed to

PAINEWEBBER INTERNATIONAL TRUST LTD

47 Berkeley Square, London WIX 5DB.

Northern Foods agrees £19m poultry purchase

Northern Foods, the Hull-based foods group, has made an agreed bid worth 113.6m for Mayhow Foods, a Succer supplier of fresh positry and positry products.

Northern Foods, a major supplier of meat, dairy and baked products, currently has a small but expanding poultry business based in Nottingham with a turnover of around £10m a year out of total group meat sales of £245m in the year ended March \$1 1986.

The acquisition of Mayhew, which came to the USM in 1985, will take the group's tornover in poultry, one of the few growth areas in the meat husiness, to £40m a year making Northern an important player in the poultry business. Customers of the expanded business will include Marks and Spencer, a major customer of Northern, Safeway and Trusthouse Forte.

of Northern, Safeway and Trusthouse Forte.
Mr Christopher Haskins, deputy chairman of Northern, said: "The acquisition will give us a source of supply of chickens as Mayhew rears them. We do not in addition we are



Mr Nick Horsely, chairman of Northern Foods

looking to expand our poultry activities by organic growth and acquisitions." In the last two years Maybew has invested heavily in new plant. In addition it recently

acquired Ready Rousted Chickens, a small South Wales producer of cooked chicken products for the retail and catering trades, and Co-Ordinated Hatcheries, a sup-plier of day-old chicks, some 70 per cent of which are sup-plied to Mayhew.

Mayhew made a pre-tax profit

of £1.2m in the year to May 31 1985 and its directors estimate that the pre-tax profits for 1986

The consideration for May-The consideration for Mayhew will be approximately
137p per Maybew share to be
satisfied by the issue of
approximately 137p per Mayhew share to be satisfied by
the issue of approximately
6.54m Northern shares. In
addition there will be a partial
cash alternative in respect of
up to 50 per cent of the new
Northern shares to be issued.

The directors of Mayhew and
the two companies owned by

Slaters deal lifts Freshbake into frozen food's top four

Freshbake Foods, the frozen 4m (55.3 per cent) of the foods manufacturer and distributor, yesterday launched an agreed offer worth about film frozen sausages, but it is also for fellow frozen foods specialist, Slaters Food Products.

Freshbake forecast that the combination of the two USM-quoted companies wil create one of the top four frozen food freshbake is known mainly for manufacturers in the UK. Li frozen uncooked savoury house to increase production pastries. hopes to increase production pastries, and distribution efficiency fresbekes group turnover for through the combined use of the year ended March 1986 amounted to £95.7m and group facilities.

Directors of Slaters have meanwhile turned in pre-tax given acceptances in respect of profits of £1.2m for the year to

frozen sausages, but it is also freshbake shares for each involved in the production of frozen cakes and diced steaks. In April it moved into prepared meals with a £2.Im acquisition of Uncle Wong Food Products. Freshbake is known mainly for its frozen uncooked savoury pastries.

Freshekes grown turnows for the turns of the offer offer offer ordinary share, with no cash alternative. On the basis of Freshbake's closing price unchanged yesterday at 94p, the offer values each Staters ordinary at 188p and its total capital at £13.72m. Full acceptance of the offer world involve the issue of about 14 km new Errsbhake.

Freshheke Foods, the frozen 4m (55.3 per cent) of the April and reported £22.3m turn-oods manufacturer and distri-company's shares, over. utor, yesterday launched an Sisters is best known for its __The terms of the offer are two

of about 14.6m new Freshbake shares, about 34 per cent of its enlarged share capital.

Kleinwort Benson is advising
Freshbake while Slaters' adviser
is Smith Keen Cutier.

DIVIDENDS ANNOUNCED Reduced losses

	Current Payment	Date of s payment	corre- ponding div.	for year	last year	
Brengreen	. to.75	Oct 3	0.7	1.5	1.4	
Graig Shipping		Sept 12	7.5	15	12.5	
HAT Group	4 0	Oct 2	1.9	3.8	3.7	
Hawden Group		_	2.46	3.85	3.36	
Inti Leisure		_	2.8	5	4.8	
Jack L. Israel		_	-	0.5		٠.
F. H. Lloyd		Aug 27	2.5	3.75	2.5	. '
Markheath		Oct 1	5.2	2.6811	9.75	
Meggitt Holdings in			nit		0.75	٠
Tiphsok	0.40	_	_	3.73	-	
Vantagein	t 0.5	. —	0.4	_	1.6	
Wyk0	41 E	. —	-	2.6	_	
		All Annual and the second			استحد باله	-

Dividends shown in pence per share except where otherwise stated. ** Equivalent after allowing for scrip issue. † On capital increased by rights and/or ecquisition issues. ‡ USM stock. § Unquoted stock. 7 For 15 months.

Granville & Co. Limited

National Association of Security Dealers

Lov	at L	ne London EC3R 8BP			Teleph	one	01-621	121
				_			P/E	
					Gross	Yleid		Fully
Mak	Law	Company	Price	Change	div. (p)	*	Actual	TAXB
		Ass. Srit. Ind. Ord	131	_	7.3	8.9	8.6	7.5
146	118	Ass. ent. Ind. CULS	131	_	10.6	7.6		
151	121	Ass. ent. Ho. Colo	120	_	7.6	8.3	7.5	8.7
126	43	Airsprung Group	34		4.3	12.8	4.2	5.1
46	28	Armituge and Rhodes Bardon Hill	180k4	, = ·	4.6	2.6	20.5	18.8
180	108	Bray Technologies	78	_	4.3	5.é	9.9	8.5
78	42	CCL Ordinary	75	=	29	3.3	9.3 e.3	6.3
201	75	CCL 11pe Conv. Pf	26		15.7	18.3	_	<u>-</u>
152	86	Carbarundum Ord	210		8.1	4.3	10.1	10.4
210	80	Carderundum 7500 Bf	90	=	10.7	11.8	<u> </u>	10.4
94	83	Carborundura 7.5po Pf.	61	. +1	7.6	11.6	6.4	8.4
65	46	Deborah Services	23	· <u></u>	7.00	11.00	9	-
32	20	Frederick Parker Group	120		_	_	4.9	8.9
120	50	George Bleir	68	+1	3.0	4.4	17.9	15.0
68	20	Ind. Precision Castings	166	71	16.6		12.8	19.1
218	156	Isis Group		+1	16.0		120	7.3
120	101	Jackson Group	12000	ı —	6.1	5.1	8.2	8.9
348	228	Jemes Burrough	349	_	17.0	4.9	9.6	8.0
100	85	James Burrough SpcPf.	98	_		13.6	=	
95	56	John Howard and Co.	57	. ==	5.0	8.8		53.3
420	570	Minihouse Holding NV	1300	+30	8.7	0.6	44.8	63-5
380	280	Record Ridgway Ord	380				e.9	11.7
100	89	Record Ridgway 10pcPf	88		14.1	15.5		
82 34	32	Robert Jenkins	73	_	_	_	s.e	20.9
34	28	Scruttons "A"	34					8.7
91	65	Torday and Carlisle	91	+1	5.7	6.3	5.5	5.6
370	320	Travien Holdings	320	_	7.9	2.5	e.7	8.8
87	25	Unitock Holdings	67	+1	2.1	3.1	18.2	17.B
175	93	Walter Alexander	175	+1	8.6	4.9	8.9	12.1
220	100	W C VARTOR	190	_	17.4	9.2	19.0	21.1

for Applied Holographics

Applied Holographies, which produces and markets holographies systems, has reduced its pre-tax loss for the year to end-March 1986 from £1.08m to £670,000 and is extending its activities to be able to ofter a-toll years of holography.

full range of holograms. Turnover for the year jumped from £104,000 to £484,000 generating a more than doubled generating a note that divises gross profit of £77,000 against £35,000. After other operating expenses of £957,000 (£1.18m), however, there was an operating loss of £880,000 (£1.14m).

Mr O. C. Boxall, the chairman, stated that the arrangements with Transfer Print Foils (TPF) of the US for the acquisition of the company's 50 per cent interest in TAPFL, and the establishment with Dr David Greenaway, of a company in Switzerland to produce in Switzerland to produce shims, would extend the company's activities into the pro-duction of embossed hotograms. The new company, Applied Holographics Embossed, would be 80 per cent owned by the company, and 20 per cent by Dr Greenaway, who will join Applied Holographic's board in

October this year. The chairman stressed it was unlikely that benefits from the developments would arise during the current year, but the board believed the opportunities were considerable and signifi-cant benefits would acrue there-

Losses per 5p share for this USM-quoted company fell from 14.4p to 7.2p

LADBROKE INDEX 1,308-1,314 (--3) Baged on FT Index Tel: 01-427 4411

issued and to be

ion has been made to the Council of The Stock Exchange for the grant of permission to deal in the ordinary shares nel Computers pit. ("the Company") in the Uniteted Securities Market. A is emphasized that no application has

SHARE CAPITAL

Authorised

١.

issued fully paid in ordinary shares of 5p each

The shares being placed will rank in full for all dividends and other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

The Company provides the business personal computer user with a comprehensive supply and support service and offers solutions to its customers' business problems. This encompasses the sale of high quality computer hardware and software and the provision of training, field engineering, consultancy, rentals, networks and communications and technical support services.

A proportion of the shares being placed may be available to the public through the market during market hours

today.

Particulars relating to Personal Computers pic are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and locluding 30th July, 1986 from:

Phillips & Drew 120 Moorgate London EC2M 5XP

US snag may force **Tranwood** extension

Mr Nick Oppenheim's Tranwood Group has finally declared unconditional its controversial

E89m bid for Aithen Hume. Tranwood revealed last week that it held more than 50 per cent of Aitken. At the same time Mr Oppenheim stressed that acceptance of his offer would not cause termination of fund management contracts

held by NSR, a US subsidiary of Aitken.

Yesterday Tranwood was careful to emphasise that the bid was not yet "wholly" unconditional. Referring to the substant the bids of the NSR contract the future of the NSR contract the future of the NSR contract the board said: "The company has no intention of jeopardising the value of Aitken Hume by declaring the offer wholly unconditional before, inter alia, the company is satisfied as in the company is satisfied as to the continuation of these con-

The directors of Maynew and the two companies owned hy the Maynew family trusts have given irrevocable acceptances in respect of their own shares. These shares represent 67.3 percent of the issued fully paid share capital of Maynew. Panel for an extension of the usual period for fulfilment of all conditions.

Smith New Court

salaries boosted Smith New Court, the publicly owned securities house, reveals in its latest annual report that 14 directors were paid salaries of more than £115,000 in the year sading

April 1986. In the previous 12 months, excluding pension contributions, 10 directors were paid more than £140,000. Directors' emoluments, in-

cluding pension contributions, totalled £5.5m in 1985-86, comtotalled £5.5m in 1985-36, compared with £2.5m.

Mr Tony Lewis, Smith New Court's chairman, saw his basic salary rise to £213,000 in the past year, up from £177,000 in 1984-85.

Smith New Court, which was formerly Smith Brothers, the stockjobber, increased its 1985-36 profits by £1.38m to a record £6.2m pre-tax.

Pleasurama purchase

Pleasurama has acquired
Netional Holidays, e leading
coach holiday operator, from the
National Bus Company in a
£2.5m cash deal.

£2.5m cash deal.
National has an annual turn-over of £45m and has substantial business in South-East London. business in South-East London.
Last year, it carried 327,000
passengers, an increase of 18
per cent on 1984. The bulk of its business is in domestic coach its business is in domestic coach from £4m to £3.31m. holidays, but in recent years it has also developed e wide range of Continental tours.

BOC acquisition

ROC Group, through its
Australian subsidiary ClG, has
acquired W. A. Flick, the
largest pest control company
in the Pacific region.
ClG already supplied the pest control industry in Australia. Based on gas technology, CIG "Envirosols" have been patented in many parts of the world for commercial and domestic applications.

Flick has substantial opera-

tions in Anstralia, Fiji, Papua New Guinea, Malaysia, Singa-pore and Hawaii. It has annual sales of around £15m.

Vaux, the Sunderland-based brewer, is to purchase 15 off-licence shops for a total consideration of £625,000. The outlets are in locations comple-mentary to the chain of 147 offlicences currently operated by Vaux under the name of Blayneys.

Payment for the 15 outlets in

the Hull area, which previously traded under the name of House of Townsend, will be in the form of new shares and \$480,000 cash. Vaux said the new shares had been issued hy the vendors at their request and would be held hy them as a long term in-

Monotype deal

Monotype the printing equipment company which came to the Unlisted Securities Market in May, has bought 75 per cent of GB Techniques, which it says will provide it with text and other entry systems for its new tracections was additions. typesetter range additions. The consideration is 56,771 shares and, subject to perform-ance criteria being met over two years, additional payments up to a maximum of £132,000.

Bees Transport Bees Transport, the Leicestershire-based secure parcels carrier, has completed a

management buy-out from Lex Lex announced in January it intended to pull out of the transport market.

Newman Industries Investors in Industry Group (3i) has reduced its holding in Newman Industries to 8.92m ordinary shares (7.06 per cent).

VANTAGE SECURITIES, investment trust, improved net investment trust, improved net revenue after tax to £29,511 against £22,007 in the six months to June 30 1986, on gross revenue of £56,024 (£43,661). The interlu dividend is raised from 0.4p to 0.5p, and the directors expect the final to be not less than last war's 1 2n. year's 1.2p.

Berkley House attempts to block £6.6m Authority deal

Berkley House Group, a privately-owned property development company, amounced shares, and that Berkley "is shareholders might be entitled yesterday it is making a tender offer worth £1.6m in offer of 500p."

Authority Investments, the property and investment concern, in a bid to block a £6.6m deal before Authority's EGM, at which Management Group's ment Group, a vehicle created daal had been expected to be between Authority and Manage-ment Group, a vehicle created by Mr David Backhouse and two city financiers.

Berkley, which already owns

Berkley, which already owns 6.3 per cent of Authority, is offering 500p per share for up to 25.1 per cent of the company. Authority's shares closed ni 500p, up 100p on the day.

Management Group is bidding 130p in cash for Authority, giving it around 75 per cent of the company. Lord Lever, chairman of shareholders approve its take-over at an EGM on July 30.

Andrew Curtis, a director of Berkley said that the offer by Irrevocable acceptances for the Management Group deal have been given on behalf of 100 per cent of the non-voting "A" shares of Authority. Management Group wishes to convert these "A" shares into ordinary shares at the EGM, without the company. Lord Lever, chairman of Authority, asked shareholders not to act upon the Berkley offer until they had received "the considered opinion of the directors."

Farnborough during 1985-86 and for the year as a whole saw its profits fall fro m£3.02m

to £2.03m pre-tax.

Brengreen suffers from

hospital contract losses

dsal had been expected to be

approved.

Interest charges increased to £1.28m (£982,000) but tax was reduced from £98,000 to £573,000. Net profits came through at £1.48m (£2.02m).

Mr David Evans, the chairman, said yesterday that in the health care division margins relative to the cost of tendering and carrying out the operations were not acceptable and that it had been decided to seek no further hospital contracts. He also blamed two other aspects for the groups setback: losses from the street cleaning contract at Ealing, and the cleaning division as a whole which, he said, failed to achieve satisfactory margins due mainly to e substantial reduction in work carried out for the Minstry of Defence.

Mr Evans pointed out, however, that these problem areas had been tackled by rationalisation and hy termination and that expansion of the core business was planned via the introduction of additional services.

Brengreen (Holdings), the but in recognition of their con-international service group, fidence in the future the direc-incurred further losses on its tors are proposing to lift the hospital cleaning contract at final dividend to 0.75p (0.7p)

comment Brengreen has come to the same conclusion as several others in the privatisation crusade — National Health cleansing contracts are not worth a candle. With the whole public contract area now certain to go into a holding pattern until after the general election, all hope of volume gains to help spread nverhead costs has gone and rationalisation is the name of the game. One form of this — mergers and takeovers — has already started. Hawley has purchased Pritchard and has a 13 per cent stake in Brengreen. However, Pritchard was in more ever, Pritchard was in more desperate straits than is David

desperate straits than is David Evans' offspring. Nevertheless 1986-87 will see a hard struggle to better £2.5m pre-tax—especially after the loss of the Kuwait hospital and clinic cleaning contract. The shares, up 1½p to 37½p, have been dull performers and there is little in the one year outlook to take them much outside of their recent trading range. Unless, that is, Mr Michael Ashcroft has an insatiable desire for cleaning volumes, Currently, the cleaning divi-sion was showing a significant recovery and he was confident that it would return to its former levels of profitability in 1968-27

tors are proposing to lift the final dividend to 0.75p (0.7p) for en increased total of 1.5p (1.4p) net.

Earnings fell to 2.09p (3.22p) cleaning volumes.

Brierley has 5.5% stake in OTT

Mr Ron Brierley's IEP Securi-

compensate shareholders who

accept the offer if a revised

offer is made by the Manage-ment Group and accepted by Berkley, or if Berkley or a thard

party makes a general offer to acquire the share capital issued by Authority.

Berkley, jointly-owned by brothers Keith and Graham Meehan, was founded in 1977 to develop residential properties in Mayfair md Knights-bridge. Pre-tax profits have grown from \$30,000 in Berkley's

first year to a current year forecast of £3m on turnover of £30m.

Mr Ron Brierley's IEP Securities has reported a 5.5 per cent stake in shipping and freight group Ocean Transport and Trading.

The 6.2m share holding cost the New Zealand financier some £12m and was described yesterday as a "long term investment." In May, OTT concluded a deal with P & O which ended takeover speculation and netted it £79m after

which ended takeover specula-tion and netted it £79m after £14m was spent on huying up the outstanding portion of Panocean. Last night OTT's shares closed up 1p at 219p. Also yesterday OTT announced the acquisition of Butler and Anderson — the travedore company from

stevedore company Boston, Lincolnshire. • According to Mr Ross Martin of Brierley Investment Limited. Mr Brierley's New Zealand master company, there are plans to list BIL on the London market later this year. BIL has a market capitalisation over

New Cavendish

Shares of New Cavendish Estates, the property investment company, were suspended yesterday at 110p. The company requested the suspension after its share price rose 15p to 105p on Monday.

At the suspension price, New.
Cavendish is valued at £7.63m,
The company reported pre-tax
profits of £58.443 on turnover of
£369,476 for the half-year ending December 31 1985.

Comparative results were restated to reflect the change in
the group's eccounting policy
in respect of oil exploration
expenditurs which had been
capitalised.

Savoy pays £4.75m for an out of town imm

By Clare Pearson

THE Savoy Eotel group has Lygon Arms, a 62-room fittenth century inn in Broadway,

Worcestersbire.
This is the first cut-of-town addition to the Savoy's ciutch of up-market hotels in London and Paris, which include the

Connaught and Claridge's.
The Savoy said yesterday that it had purchased the controlling interest of Lygon's current proprietor and chairman. Mr Douglas Barrington, who will stay on as a director. The Savoy also hearthy the characteristics. also bought the shares of the Russell family, who have ocen in control of the Lygon for the

last 82 years.
The Savoy's managing direc-The Savoy's managing director, Mr Giles Shepard, said yesterday the purchase of the Lygon for cash was unconnected with the Savoy's recent \$500,000 increase in authorised share capital. None of these new shares has yet been issued. The Savoy had earlier iodicated it was negotiating the purchase of a small British hotel.

Graig Shipping earnings jump

A sharp increase from £1.62m to £2.87m in interest received and investment income hoosted operating profits of Graig Shipping from a restated \$1.7m to

£2.33m for the year ended March 31 1986. After higher depreciation of £967,000 (£348,000) pre-tax profits were only marginally up from \$1.35m to £1.36m but with tax lower at £180,000 (£413,000) and an extraordinary credit this time of £623,000, net attri-

butable earnings almost coubled to £1.5m, against £935,000. The directors said the result had been accomplished in spite of a depressed freight market and showed that the company had made the right decision to remain liquid and obtain good profits from its cash resources. The extraordicary credit comprised a £913,000 profit on the sale of 75 per cent of Graig

listed oil Investments Earnings per £1 share advanced from 46.75p to 59.1p and there is an increased final

dividend of 10p (7.5p) raising the total from 12.5p to 15p net, costing £300,000 (£250,000).

Comparative results were restated to reflect the change in the many factors are in the many factors.

These Bonds with Warrants baving been sold, this announcement appears as a matter of record only. **MEDIOBANCA**

Banca di Credito Finanziario S. p. A.

DM 150,000,000

2 % Bearer Bonds of 1986/1991

Final Maturity: June 30, 1991

with Warrants attached to purchase, from November 3, 1986 Ordinary Shares of SIP-Società Italiana per l'Esercizio delle Telecomunicazioni, p. a., Turin

Berliner Handels- und Frankfurter Bank

Commerzbank Aktiengesellschaft Lazard Frères et Cie **Deutsche Bank** Aktiengesellschaft **Swiss Bank Corporation**

Banco di Roma

International Limited

Hamburgische Landesbank

Hessische Landesbank

Industriebank von Japan

· Girozentrale -

Deutschland)

San Paolo di Torino

Cleinwort, Benson

International Group

Kansallis-Osake-Paokki

Georg Hauck & Sohn Bankiers Kommanditgesellschaft auf Aktien

Goldman Sachs International Corp. S. G. Warburg & Co. Ltd.

Credito Italiano

Algemene Bank Neiderland N. V. Bremer Landesbank Baden-Württembergische Bank Aktienzesofschaft

Banca Commerciale Italiana

Banca del Gottardo Banca Nazionale dell'Agricoltura Banca Nazionale del Lavoro Banca Unione di Credito BankAmerica Capital Markets Group Bank für Gemeinwirtschaft Aktieneesellerhalt

Bank Gutzwiller, Kurz, Bank Mees & Hope NV Bank of Tokyo (Deutschland) Bank J. Vontobel & Co. AG

Bankers Trust GmbH Banque indospez Banque Nationale de Paris Banque de Neuflize, Schlumberger, Mallet Banque Paribas Capital Markets Bayerische Hypotheken-und Wechsel-Bank Aktiengeselischaft

Bayerische Landesbank Bayerische Vereinsbank Aktiengesellschaft Berliner Bank Akticogeselischaft Bankhaus Gebrüder Bethmann

BHF-BANK (Schweiz) AG

Kreditanstalt Oldenburg Chase Bank AG Chemical Bank

Compagnie de Banque et d'Investissements. C Crédit Commercial de France Crédit Industriel et Comn Creditanstalt-Bankverein CSFB-Effectenbank

Daiwa Europe (Deutschland) GmbH DG BANK Deutsche Genossenscha Deutsche Girozentrale - Deutsche Kommuna DSL Bank Deutsche Siedlungs- und Landesrentenbank

Dresdner Bank Fineurop S. p. A. Robert Fleming & Co. Gefina International Generale Bank

Genossenschaftliche

Groupement Prive

Zentralbank AG - Vienna

Landesbank Rheinland-Pfalz - Girozentrale --Landesbank Schleswig-Hols Leu Securities Limited Manufacturers Hanover Merck, Finck & Co.

> B. Metzler seel. Sohn & Co. Mitsubishi Finance Internation Morgan Guaranty GmbH Morgan Stanley International Moseley Capital Markets The Nikko Securities Co., (Deutschland) GmbH Nippon Kangyo Kakumaru (Europe)

Norddeutsche Landesbank Den norske Creditbank Österreichische Länderbank Aktiengesellschaft Sal. Oppenheim jr. & Cie-Orion Royal Bank Sarasin International Securities Limited 1. Henry Schroder Wagg & Co.

Schweizerische Bankgesellschaft (Deutschland) AG Shearson Lehman Brothers Harris Upham & Co. Société Générale Sumitomo Trust International Swiss Cantonalbanks Swiss Volksbank Trinkaus & Burkhardt KGaA Vereins- und Westbank

Westdeutsche Landesbank Girozentrale Westfalenbank Aktiengeseilschaft **Westpac Banking Corporation**

M. M. Warburg-Brinckmann, Wirtz & Co. Yamaichi International Nomura Europe GmbH (Deutschland) CmbH

Placing by Phillips & Drew of 682,667 ordinary shares of 5p each at 120p per share

Comalco Finance Limited

U.S \$180,000,000

Guaranteed Floating Rate Notes Due 1993 Severally Guaranteed by

Comalco Limited and Australian Industry Development Corporation

NOTICE TO THE HOLDERS OF THE ABOVE MENTIONED NOTES

Notice is hereby given to the holders of the U.S. \$180,000,000 Guaranteed Floating Rate Notes Duc 1993 (the "Notes") that, with effect from 18th June, 1986 Comalco (Tasman) Limited (the "Substitute Issuer") has, pursuant to the provisions referred to in Condition 16 of the Notes, been substituted for Comalco Finance Limited (the "Original Issuer"), as principal debtor in respect of the Notes. Such aubstitution was effected by a Supplemental Trust Deed dated 18th June, 1986 made between the Original Issoer, the Substitute Issuer, Comalco Limited ("Comalco"). Australian Industry Development Corporation (the "Corporation") and The Law Debenture Trust Corporation p.l.e. (the "Trustee") which also made certain consequential amendments to the Trust Deed dated as of 18th December, 1985 made between the Original Issuer, the Substitute Issuer, Comalco, the Corporation and the Trustee pursuant to which the Notes were constituted. The substitution effected thereby, the Supplemental Trust Deed and the Trust Deed (as so supplemented) are all hinding on the Notebolders and the Couponholders.

The Notes will hereafter be known as the Comalco (Tasman) Limited U.S. \$180,000,000 Floating Rate Notes Due 1993.

The Substitute Issuer is a company recently incorporated with limited liability in the Cayman Islands and is a wholly owned subsidiary of Comalco, a publicly listed company incorporated with limited liability io the State of Victoria, Australia.

Copies of the Memorandum and Articles of Association of the Substitute Issuer have been lodged with, and may be obtained on request from, the Chief Registrar of the District Court in Luxemhourg ("Greffier en Chef de Trihunal d'Arrondissement de et à Luxembourg"). Copies of the Memorandum and Articles of Association of the Substitute Issuer and the Supplemental Trust Deed are available for inspection at the offices of the Trustee and of each of the Paying Agents for the Notes. Copies of the Annual Report and the annual accounts of the Substitute Issuer, when produced, will be made available at the offices of the Trustee and each of the Paying Agents for the Notes.

The Notes will continue to be listed on the Luxembourg Stock Exchange. The Notes will be listed in the name of the Original Issuer followed by the name of the Substitute Issuer. No new Notes will be issued.

16th July, 1986

For and nn behalf of Comalco (Tasman) Limited

For and on behalf of omalco Finance Limited

This advertisement is issued in compliance with the Regulations of the Council of The Stock Exchange. Application has been made to the Council of The Stock Exchange for the Cumulative Redeemable Preference Shares 2016 to be admitted to the Official List.

LIBRA BANK PLC

et in England under the Companies Acts 1948 to 1967 Registered No. 1076744)

Placing by

Chase Manhattan Securities

£10,000,000 8½ per cent. Cumulative Redeemable Preference Shares 2016 of £1 each at 99%p per share.

Joint Financial Advisers to Libra Bank PLC

Chase Manhattan Securities Morgan Grenfell & Co. Limited

		Share Capital		
Pres	sent		Propo	psed
Authorised	Issued Fully paid		Authorised	Issued Fully paid
2000	£000		2000	2000
50,000	50,000	Ordinary shares of £1 each		
-	-	Ordinary shares of 25p each 81/2% Cumulative Redeemable	50,000	50,000
		Preference shares 2016 of £1 each	10,000	10,000
50,000	50,000		60,000	60,000

In accordance with the requirements of the Council of The Stock Exchange £1,000,000 of the Preference Shares is available in the Market on the date of publication of this advertisement. Full particulars of Libra Bank PLC are available through the Extel Statistical Services. Copies of the Listing Particulars can be obtained until 31st July, 1986 from:

> Libra Bank PLC Bastion House 140 London Wall

Chase Manhattan Securities Fortland House 72/73 Basinghall Street London ECZV SDP

Copies of the Listing Particulars will also be available until 18th July, 1986, from the Companies Announcements Office, The Stock Exchange, London EC2P 2BT. 16th Juty, 1986

HUGHES FOOD GROUP PLC

(Registered In England-No. 107139)

Placing by Jacobson Townsley & Co. of 15,000,000 Ordinary Shares of 5p each at 20p per share

Authorised	Share Capital	Issued and Fully paid
£2,400,000	Ordinary Shares of 5p each	£2,105,635

Hughes Food Group PLC and its subsidiaries are an integrated group which occupy a developing position in food related ectivities, in the provision of cold storage fecilities to the food Industry, in the supply of mechinery to food manufacturing and catering industries both in the U.K. and oversees, in the storage end distribution of food products end in the supply and hire of fork lift trucks within the food industry and beyond.

Application has been mede to the Chuncil of The Stock Exchange for the grant of permission to deal in the whole of the issued share capital of Hughes Fund Group PLC in the Unlisted Securities Market. A proportion of the shares being placed may be available to the public through the market during market hours today. It is emphasised that no epplication has been made for those securities to be admitted to listing.

Perciculars relating to Hughes Food Group PLC are available in the Extel Unlisted Securities Market Service and copies of such perticulars mey be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 31at July 1986, from:

IACOSSON TOWNSLEY & CO. MEMBERS OF THE STOCK EXCHANGE Friars House, 39-41 New Broad Street, London ECZM 1NH 16 July 1986

Engineering and foundry sides lift F. H. Lloyd

DESPITE GENERALLY diffi-cult market conditions, F. H. Lioyd Holdings boisted pre-tax profits by 51 per cent from £1.42m to £2.14m for the year ended March 29 1986. External sales were static at £52.75m, against £52.44m.

The increase reflected an improved performance by the foundry and engineering com-panies, as well as as disposals in this and the previous year of a number of companies whose contribution to total turnover was not matched by an acceptable profit.

Net earnings per 25p share more than donbled from 3.2p to 6.6p and the year's divided is 50 per cent higher at 3.75p (2.5p) net with a final

of 2,75p. Foundries operating profits rose from £833,000 tn £1.04m on sales of £22.04m (£19.27m), while engineering and services made £1.15m (£649,000) on £16.32m (£15.73m) sales. The steel contribution however, was lower at £478,000 (£589.600) with sales of £14.39m (£17.43m).

The directors said the current year had greated emits

current year had started quite favourably, though in none of

the group's markets was demand bnoyant. They expected further pro-gress this year and in 1987-68 the major benefit from new in the rolling mili for the Wednesbury steel plant, would come through. At the operating level,

profits increased from £2.07m to £2.67m. Results were contribution charges, although the main pension scheme is substantially over-funded.

An exceptional item took £329,000 (£58,000), bot interest payments were reduced from £593,000 to £162,000. Tax charge was £420,000 (£554,000), minorities accounted for £135,000 (£106,000) and there was also an extraordinary credit of an extraordinary credit of £471,000 (£532,000).

With useful financial resources available, the board continued to search for further areas of profitable investment. Development possibilities for the 90-acre Wednesbury site were being explored in association with a major construction group, and there was prospect of a promising longer term oppor-

comment

F H Lloyd has finally shakes free the predatory inclina-tions of Suter which has been stalking its lootsteps for al-most 18 mouths. But David Abell's placing of a 27.7 per cent stake is not necessarily snter undoubtedly tried for interest a potential bidder using its holding as a spring-board the final decision to place its stake at 64p with a broad spread of institutions suggests that nobody else is the state of the state o suggests that nobody else is therested. Up to a point that is understandable. Under the leadership of Lewis Robertson the management has achieved much but the group still operates in difficult areas and profits are unlikely in push much ever £2]m this year. The abares have performed well in the last few weeks but a historic p/e of 11 after yesterday's 5p rise to 71p, is about as much as can be expected in the short term.

Yearlings

THE INTEREST rate for this week's issue of local this week's issue of local anthority bonds is 9is per cent, np % of a percentage point from last week and compares with 11% per cent a year ago. The bonds are issued at par and are redeemable on July 22 1987. A full little forcer will be published. list of issues will be published in tomorrow's edition.

HILL SAMUEL GROUP PIG (Incorporated with limited liability in England under the Companies Acts 1908 to 1977) US\$ 100,000,000

US\$100,000,000
Floating Rate Nutes due 2016
In ectordance with the
provisions of the Notes, notice
is hereby given that for the
Interest Period from 16th July,
1986 m 16th Jenuary, 1987 the
Notes will carry a Rate of
Interest of 7 3/16% per ennum
end that the interest Payment
Dete, 16th January, 1987 will
amount to US\$367.36 per
US\$10,000 Note and US\$9,184.03
per US\$250,000 Note.
Appen Rank'

Agent Bank:
Morgan Guaranty Trust
Company of New York
London

IRELAND

U.S.\$50,000,000

fifth January, 1987 and the Coupon Arrount per \$500,000 will be \$17,729.17. Bank of Tokyo International Limited

HAT profit depressed by disputes on two contracts

EXCEPTIONAL factors hit the results of the BAT Group in the year ended February 28 to the oil industry in the North Sea, are experiencing very difficult conditions. However, HAT intends to keep a strong preservices and materials improved its turnover from £231.6m to £240.2m but showed a decline in pre-tax profit from £11.48m to fill.1m.

Mr D. M. Telling, the chairman, said that over film was provided for disputes on two major contracts, but he be-lieved that following arbitration and legal proceedings, a subse-quent gain might be made. Most significant change took place within the US painting operations, where the overall ecooomy in the areas where operations were dominant bad been poor and affected trading

In the UK, however, there had heen good performances. For the current year the out-look remains difficult, the chairman said. Remedial action had been taken in the US and

changes to senior management had been made. In the UK, painting opera-tions, particularly those related

the net profit came to £8.12m (£7.9m) for earnings of 10.6p (10.4p). The dividend is 3.8p (3.7p) net, the final being 1.9p. (3.7p) net, the final being 1.3p.
Extraordinary debits totalled 18.92m (£3.43m) and included 18.53m loss on disposal of the Houston property. Since the year-end the group received \$15m as a further part of the sale proceeds of the property, and this reduced overall gearing in some 60 per cent of shareholders funds.

comment

The bad news in the oil sector over the last nine months has been hitting HAT group hard for the last three years. First it was the Houston Folly which led to the difficulties and then more recently it has been panicky oil companies aban-doning paint and protection

Sea contracts were cancelled at short notice in the last three months. Not surprisingly David Telling is engaged in a major rethink—the autumn outcome of which wil almost certainly see disposals to reduce debt and

see disposals to reduce debt and a plan for the next five years. In the meantime all is not hleak. The pre-election miniboom in the UK building industry abould keep this side of HAT ticking over and a slice of Canary Wharf will see it do a good deal better than this. In the US a highly incentivised Martin Thom has a lot to do quickly reverse a fal in profits to £1m against the previous quickly reverse a fal in provisito flm against the previous year's £3m. One compeosation, however, might be a reversing of the payment flow under the Cannon earn-out arangement. As in forecasts, anything between £8½m and £13m finds

support among the analysts.

But having under performed the market since early 1983 and with the shares, down 13p at 86p at mid-1982 levels, the

only way should be up. Confident

Jack Israel tops profit forecast with 42% jump

Jack L. Israel Group, the canned fruit and vegetable importer and distributor, lifted pre-tax profits by 42 per cent from £1m to £1.42m in the year eoded March 31 1986 to beat the forecast of oot less than £1.3m made last August at the time of its entry to the USM.

The record profits were geoerated by turnover £1.25m higher at £32.43m. Tax charge was £578,000 (£445,000) and

Mr John Alexander, the chairman, said that while turnover showed a 4 per cent rise hy value, the improvement by volume was 15 per cent. The increased level of activity had been achieved at an improved group gross margin allied to a controlled level of administration costs.

He added that last month's acquisition of Antony Worham, importer and distributor of earnings per 4p share came out canned meass, would extend the 43 per cent ahead at 1.29p, group's product range and against 0.8p. As forecast there streogthen its overall position is a final dividend of 0.5p net. in the market.

Choice facing Biddle members

BY LIONEL BARBER

MR STEPHEN COCK, the lower risk with Kone's increased independent director at Biddle offer and a "bigher price and Holdings, the heating and lifts group, has offered advice to Mysoo's increased offer, shareholders on the two hids announced yesterday. made for the company,

Mr Cock is the custodian of shareholders' interests since state biddle family (who control 54.9 per cent of Biddle) favours a £6.2m offer by Kone, the Finnish lift manufacturer, against a rival £7.4m offer by

On Friday, shareholders vote on the proposed disposal by Kooe of Biddle's heating and air conditioning business to Mr Anthooy Biddle, a Biddle director and son of the chair-

If they back the proposal, Myson, the UK heating group.

Mr Cock said in a letter to shareholders that he could not make a recommendation. But shareholders faced a choice between a lower price and opposed.

If they back the proposal, to succeed. But if they reject it, then the Myson offer which the bladle family has so far opposed.

Markheath back in profit Sy Frank Kane

Markheath Securities, the commercial and residential property developer based in North London, has returned to the black in the 15 months to end-March 1986. Compared with the previous 12-month period, when there was a toss of £2.39m, pre-tax profits for 1985-86 came to £1.44m.

f1.44m.
The result is in line with the target set at the time of last year's rights issue, which raised f7.3m. The group's 25p shares rose 6p to 50p on the announcement. ment.
Mr Paul Bobroff, the chairman.

ment.

Mr Paul Bobroff, the chairman, said yeterday that the 15 mooths was a period of consolidation after the very depressed conditions of 1984 Turnover then plunged to £4,81m, but recovered to £16,51m in the period under review. The improvement also reflected the sale of the Stratford development which last time was the source of a £1,65m exceptional charge.

Mr Bobroff was confident of the prospects for the current year, particularly with regard to the possibilities opened up by the impending completion of the M25 motorway. The group has developments close to the motor, way's path, and is expected interest from US and other multinational companies.

The dividend for the 15 months totals 2,689 (9,75p for year)—as forecast at the time of the rights—with a final of 1,230 (5,2p). This is covered hy earnings per share of 3,68p compared with a 7,8p loss.

New chief for GEC company

Mr Kelth Ralls has been appointed managing director of GEC TRANSMISSION AND DISTRIBUTION PROJECTS. He was appointed projects director for the cower transmission division in 1981 and has been responsible for completing the British converter station of the 2,000 Mw submaring power link between submarine power link between Great Britain and France.

Mr Brian Schneider has been appointed a director at REA BROTHERS. He will be bead of the bank's corporate finance department, where he has worked fur some years. He will be assisted by Mr Trevar Edwards whn has been appointed e manager.

THE SALEX GROUP has appointed Mr Peter Hubbs as managing director of Sound Attenuators (Industrial). He was director of Sound Research Laboratories, the group's acoustic consultancy company. Mr Deog Sharps is appointed managing director of Sound Research Laboratories.

WORLDEX EUROPE, which has appointed Mr Edward Davies as managing director. He was marketing director of British Caledonian Travel Huldiogs.

Mr David S. Tumlinson bas Mr David S. Timilinson has joiced the board of LONDON AND CONTINENTAL ADVER. TISING HOLDINGS as group finance director. He was a senior member of the corporate finance group at Spicer and Pegier Associates.

After many years with Linuds
Bank, lately as chief manager—
bank retations, Mr Jan Erodte
has left to join the London
branch of BANCO ESPIRITO
SANTO E COMERCIAL DE
LISBOA as general manager. He
will he sharing the management will be sharing the management responsibilities of the brach with Mr Pedro S. de Almeida, who has recently been promoted to general manager.

Mr Ruger G. Badger bas heen appointed a director of LONRHO. He joined the group in 1972 and has been group chief accountant since 1978,

Mr Bill Allen is joining GREENWELL MONTAGU AND CO stockbrokers, as an assistant director, in the gilredged department. He was previously a partner with Pember and Boyle.

NEW ISSUE

This announcement appears as a matter of record only.

July, 1986



NAIGAI CO., LTD.

(Kabushiki Kaisha Naigai)

U.S.\$20,000,000

2½ per cent. Guaranteed Bonds 1991

unconditionally and irrevocably guaranteed by

THE MITSUI BANK, LIMITED (Kabushiki Kaisha Mitsui Ginko)

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ISSUE PRICE: 100 PER CENT.

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Yamaichi International (Europe) Limited

Salomon Brothers International Limited

Robert Fleming & Co. Limited

Universal Securities Co., Ltd.

Bayerische Vereinsbank Aktiengesellschaft

Bankers Trust International Limited

Mitsui Trust Bank (Europe) S.A.

Taiyo Kobe International Limited

S. G. Warburg & Co. Ltd.

Floating Rate Notes due July 1992

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 16th July, 1986 in 16th January, 1987 the Notes will carry an interest rate of 6 1%, per cent per annum. The relevant Interest Payment Date will be 16th Jenuary, 1993 and the

Reference Ageet

LONDON RECENT ISSUES

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Can Europe catch up?

Landon, ECSP 48Y

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- 12 Glance shows a novice in fault (7)

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- 28 Swift portrayal of a hrutish lout (5)
 22 Workman less industrious after midnight (7)
 25 He will run away when the sun comes nut (7)
 27 I can time railway route (9)
 28 Students may decline to learn it (5)
 29 Esteem shown for those who are fit? (7,7)

 DOWN
 2 Distorted explanation of why a player was dropped (3,2,4)
 3 Eastern lake found in the West? Strange (5)
 4 A Dickens book shattered this dream (4,5)
 5 Many a safari includes this African lake (5)
 6 In an unaffected way, of course (9)

- ACROSS

 1 Quantity surplus to requirements (4.4.6)

 10 Rustling atmosphere around the street (5)

 11 Sprinkles salt over a meat dish (5.4)

 12 Glance shows

 - race (4,5)
 18 Catechism arranged accor-
- fault (7)

 13 A support thus returned is appropriate (7)

 14 One is confused in two ways by the lights (5)

 16 Quietly prepares far cold weather? (7,2)

 19 Talk of past crimes in Egyptian captal, perhaps (9)

 20 Swift portrayal of a hrutish lout (5)

 18 Catechism arranged according to plan (9)

 21 Arch is rough cast an the nutside (7)

 22 Admitting poet drops opening lines (6)

 23 Tina comes up with a new name (5)

 24 Prompt about going an day-shift (5)

 26 Deck ur dock (5) 26 Deck ur dock (5)

Solution to Purrie No. 6,973 Solution to Pame No. 6,673

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Grand District | 1.57 | 1.54 | 1.56 | 1.56 | 1.56 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | 1.57 | Seminary Sem 117 0 10.2mm 91 1 40.4 76.3 50.1cd 167 1 mm 68.7mm 167 2 | IR Gill & Frei | Frei MILA Unit Triest Management 99-100 Sanding Rt. 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FT UNIT TRUST INFORMATION SERVICE

Financial Times Wednesday July 16 1986 34 **INSURANCE, OVERSEAS & MONEY FUNDS** HIR Samuet Investor and Mignet Ioti SA

Jorney, PO Box 503

Jees 4192276 Text 0593 7abc79

Berray, PO Box 503

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ORANGE JUICE 15.000 lbs, cents/fba

PLATINUM 50 tray oz. \$/tray oz

SILVER 5000 troy oz. cents/trey oz

CHICAGO

LIVE CATTLE 40,000 lb. canta/lb

Aug 56.57 56 70 55 55
Oct 56.57 56 62 55 55
Dec 57.72 57.85 56.55
Feb 55.97 56.10 56.55
June 57.10 56.55
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June 57.10 56.55
June 57.10 56.75
LIVE HOCS 30,000 lb, cents/lb

PORK BELLIES 38,000 lb. cents/lb

May 524.4 \$25.4 520.4 July 526.0 527.4 523.0 Aug 521.4 SOYABEAN MEAL 100 tons, \$/ton

SOYABEAN DIL 60.000 lb, cents/lb

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Close 155.4 148.7 144.7 145.1 145.2 146.0 155.0 155.0

Close High
July 15-20 - 16-30
Au0 16-21 15-45
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Dec 17-01 17-15
March 17-42 17-47
May 17-77 17-80
July 18-03 18-03
Aug 17-92
WHEAT 5.000 bu man.
cents/601b-bushel

LIVIE trader sues ITC members

BY ANDREW GOWERS

trading and processing group S. and W. Berisford, has started legal action against all the individual member governments of the International Tin Council in a bid to recover £16m which it lost as a result of the Un

This is the first time that a metal trader has sued the member governments as opposed to the council itself. In represents a further strand to the tangle of lewsuits grising

Broken Hill

weeks, reports Reuter from

dispute.

Mr O'Neil said the unions had been close to accepting the

companies repsonse but wanted clarification of its wording.

The unions and the comnany are expected to meet before the New South Wales

state industrial commission to-morrow to work out the word-

ing of an agreement which will sllow a return to work at the

The dispute over proposals

provisions of the now-aban-doned interim award in the

Metal Bulletin
ANTIMONY: European free market, 99.6 per cent, \$ per tonne, in warehouse, 2,380-2,425.

BfSMUTH: Furopean free market, min 99.99 per cent, \$

per lb. tonne lots in warehouse 2.22-2.38.

CADMIUM: European free market, min 99.95 per cent, \$

per lb, in warehouse, ingots, 0.92-0.97, sticks, 0.93-0.98 COBALT: European free mar-

ket. 99.5 per cent. \$ per lh, in warehouse. 4.30-4.75. MERCURY: European free market. min 99.99 per ceut. \$

ner flask, in warehouse, 190-

MOLYBDENUM: European free market, drummed molybdic oxide. S oer lb Mo, in ware-

house, 3.00-3.05. SELENIUM: European free

settlement

Unions

reject

support operations in the tin

"The Government does not accept any liability and it is prepared to defend itself in the courts," be 58id. Officials said the writ aims to

Officials said the writ aims to enforce an arbitration award of £16.2m against the council which Rayner won nearly two months ago, and it is understood to name the 23 individual ITC member states (counting Belgium and Luxembourg separately), as well as the EEC collectively.

A co-ordinating group of 11 London Metal Exchange brok-ing companies which bard contracts with the council—known as Tinco Realisations—is also considering suing the indi-vidual member governments. The group's legal advisers believe that ITC members are jointly and severally respons-ible for the tin council's debts.

J. H. RAYNER (Mincing Lane), also reltersted the Govern-dard Chartered Bank, but it a Although he promised to controlling and processing group trading and processing group S. and W. Berisford, has started legal action against all the from the collapse of its price council.

Although he promised to consider the dard Chartered Bank, but it although he promised to consider providing them with more information on a confidential basis, committee members were clearly not satisfied.

They said they would have to summoo Mr Robin Leigh-Pembertoo, the Governor of Bank of England, to give evidence about warnings his officials are alleged to have issued to the London Metal Exchange over strains on ITC

represents a further strand in the tangle of lawsuits arising from the ITC's £900m default last October.

Mr Paul Channon, the British Trade and Industry Secretary, disclosed before a parliamentary select committee yesterday that a writ had been issued against the British Government and be other members of the tin council last week. He shock the strand it is undersible for the tin council's debts. During his appearance yesterday before the Commons trade on a request from Rio Tioto-Zinc for aid for its three walled as be came under repeated attack from MPs over the Government's refusal to ments have been named in a writ stemming from the tin provide them with Information they requested in their investification of the tin council last week. He

Ireland vetoes NZ butter deal

BY TIM DICKSON IN BRUSSELS

Thanks to the lone dissenting voice of Ireland's Agriculture Minister Mr Austin Deasy, EEC Farm Ministers meeting in Brussels yesterday could not agree a plan to limit New Zealand butter quotas to 77,000 tonnes next year and 75,000 tonnes in 1988.

The failure to reach an accord UNION LEADERS at Australia's Broken Hill mioes have rejected a company response to their proposal aimed at eoding the dispute which has closed the silver-lead-zinc mines for seven

Sydney.

President of the Broken Hill
Unions' umbrella group, the
Barrier Industrial Conneil
(BICI, Mr Bill O'Neil said the
company appeared to he trying
to edge-in New York conditions
in their reply to a union compromise aimed at ending the
dispute.

tonnes in 1988.

The failure to reach an second
is a major diplomatic embarrassment for France, which promised as part of last week's deal
clinching the release of its
secret agents convicted in the
RiobowWarrior affair, to drop
its long standing opposition to
exports of New Zealand lamb secret agents convicted in the R5iobowWarrior affair, to drop its long standing opposition to exports of New Zealand lamb

The topic dominated much of yesterday's discussion as the Commission and Mr Michael Jopling, the British president of

Community in 1973 and were widely expected to voice their concero at yesterday's meeting.

Britain is a major export market for Irish butter.

All morpher states however.

Although a reduction by comparison with the quotas of previous years, the proposed New Zealand levels do not meet the 3 per cent cut demanded by Mr Deasy in line with the reduction in the EEC's own milk quotas.

RELAND YESTERDAY surprised the EEC by vetoing important European Commission proposals for the importation of New Zealand butter.

Thanks to the lone dissenting voice of Ireland's Agriculture

Thanks to the lone dissenting to the Council of Farm Ministers, tried to find a compromise. A clearly disappointed Mr Jopling said afterwards be thought it was "a pity" that the issue, which was introduced when the council of Farm Ministers, tried to find a compromise. A clearly disappointed Mr Jopling said afterwards be thought it was "a pity" that the issue. next week's meeting of Foreign

> All member states, however were able to ogree a joint statement calling for "better order and more remunerative price on world markets for dairy products." They were also heartened by assurances re ceived from New Zealand that their authorities were "seriously concerned" about surplus milk

Price discord at cocoa pact talks

BY WILLIAM DULLFORCE IN GENEVA

to chance work conditions bad been simmering for several months hefore it closed the mines on May 26 when the underground workforce refused to sign an interim sward horself down by the industrial international cocos agreement tonnes during a six-month are likely to reach a make-or- period to be fixed at 5 cents break stage today. The produc-ing countries bave rejected the fused to sign an Interim sward brought down by the Industrial commission.

Mr O'Neil said the BIC is worrled that the companies are trying to incorporate too many provisions of the now-aher.

move.
The focus of the talks is still the reference price to be adopted in the new agreement and the semi-automatic price adjustment mechanism which doned interim award in the agreement for a return to work.

Broken Hill Mine Managers' Association presideot Mr Brysn Drew said he was smazed the union executive bad smazed the union executive bad smazed the union executive bad smazed to lt.

The producers refused to

a complaint with the company

NEGOTIATIONS oo a new or purchases exceed 75,000 Instead of the 7.5 cents called for by the consumers

The European Community countries, which together are the largest cocoa consumer, decided yesterday to raise their reference price offer to 103
cents but then found difficulty
in getting that position
approved in the full consuming country group.

The Soviet Union proposed that the consumers offer 105 cents and was backed by the

Comex expects to begin trade timing in January

mentation of its audit trail plan.

under which all trades will be
recorded within a minute of
execution, reports Reuter from
increase the data entry work-

COMEX, the New York com-modity exchange, expects mid-January, 1987, to see the imple-exchange between \$250,000 and

New York. load by 8 per cent.
The exchange's proposals At present traders record were submitted two weeks ago their transactions on their tradhouse, 3.00-3.05.

SELENIUM: European free market, min 99.5 per cent. \$ per lb U₁O₂, 17.00

were submitted two weeks ago to the Commodity Futures ing cards coronologically within Trading Commission (CFTC), the US futures industry watched og. Mr Alan Brody, the Comex president, said yesterday there had been no official response from the Commission but be added. "my understanding is that the CFTC's initial reaction is favourable." The Comex proposal mel or exceeded the CFTC's midelines, he claimed.

Launching the "real time their transactions on their trading cards coronologically within 30 minute periods, but when the use system comes into force they will bave to record the exact minute of each trade. Mr Brody said this was the only change from the exchange's current recording requirements.

While the nroposed system comes into force they will bave to record the exact minute of each trade. Mr Brody said this was the only change from the exchange's current recording requirements.

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lenge the federal and state

Prospects for barley have also declined since the BAE's

also declined since the BAE's
June forecasts. Continuing
dry weather in southern
Queenstand and northern
NSW combined with poor
world prices have led to a
drop in acreage planted to
barley. The BAE predicts a
crop of 3.6m tonnes—down
450,000 tonnes on its June
estimate.

sonthern Oncensland.

Guyana's 1985 sugar loss put at \$18.25m

By Canute James, recently in Georgetown, Guyana

CUYANA'S STATE-RUN SUBAI GUYANA'S STATE-RUN sugar industry recorded an operating loss equivalent to \$18.25m last year, and will lose another \$9.25m this year, according to Mr Harold Davis, chairman of the Guyano Sugar Corporation. But he bopes the industry will break even in 1987.

Mr Davis said that despite the losses, which peaked at \$24.2m in 1984, the sugar Indus-try's foreign exchange earnings grew from \$65.4m in 1984 to \$69m last year. The expects-Inked to it.

The producers refused to accept the reference price of the reference price of the reference price of the consumers on Monday and the consuming country group the consumers on Monday and the consuming country group at the consumers on Monday and the consuming country group at the consumers on Monday and the consuming country group at the consumers on Monday and the consuming country group at the consumers on Monday and the consuming. The West Germans to the industry to produce 250,000 tonnes per year to meet to that the reference price of the industry to produce 250,000 tonnes per year to meet morning. The West Germans the country's quotas to the European free vision when buffer stock sales offer should stay 5t 103 cents. Output last year was 243,000 toznes, Mr Davis reported, and the target of 260,000 tonnes this year is

260,000 tonnes this year is within reach, following outout of 124,470 tonnes in the first of the industry's two crops.

"We are closing two of the 10 factories—one this year and the other next year," Mr Davis said, outlining plans for the streamlining of the industry.

"We are also reducing the land under canes from 120,000 acres. to 95,000 acres.
"We are at the same time

working to improve the efficiency of the eight mills we will be operating, and we are hoping to get a losu from the Inter-American Development Bank."
Mr Davis said the Sugar

Corporation was diversifying its operations, and although maintaining sugar as its major pro-duct, would be involved in other forms of agro-industry. The corporation plans to farm 6,000 acres of rice per year, which will make It the single largest rice producer in Guyana.

gross domestic prodoct and around 35 per cent of export

MARKETS CONCERN ABOUT lack of

LONDON

concern about lack of rain in Brazillan growing areas kept coffee prices on the boil in the London futures market yesterday—but prices finished well below the day's highs because speculators were disappointed by a local trade forecast of the 1986-87 crop. The September position climbed to £1,945 a tonne at one stage, nearly £350 up from the ninemonth low reached at the beginning of last week because continuing mild weather in the Brazilian coffee belt was frustrating buillish speculstors' hopes of a damaging frost. The subse-

damaging frost. The subsequent upsurge has been largely due to weather reports warning that a drought may be building up after two months with very little rainfall. But yesterday stens that last year's four. signs that last year's four-month dronght may not have caused quite as much damage as London traders had thought reversed the npward thought reversed the npward trend. The total trade report nnt the erop at 12m hags (60 kilos each), about 16m bags below the tevel expected before the 1985 drought. But this figure was higher than the 10-11m bags Loudon traders had been expecting and the September position was trimmed back to end the day only £35.50 up on balance at £1.909 a tonne.

LME prices supplied by

LMR prices supplied by Amalgamated Metal Trading.

ALUMINIUM

Unofficial + or : closup.m.; — Highilow Cash 736-7 - 13.75 735/784 5 months 753-4 : -11.85 761/750 Official closing (aml: Cesh 734.5-5.5 (749-90), three months 750.5-1 (765-81, settlemen 7.55.5 (750). Final Karb close: 756-7. Turnover; 25,350 tonnes.

Official closing (sm]: Cush 883-3.5 (899-9.5), thrzz monthe 902-3 (912.5-3], settlemem 883.5 (899.5), Final Kerb ctosc: 904-5, STANOARO Official closing (am]: Cash 840-2 (859-80], three months 864-5 (883-5), settlement 842 (880). US producer prices 63-67 cents per

ound. Total lumover: 31,000 jonnes

Grado A	Unolfic'	+0	High/low
Cash 3 months	884-5 904-4,8	-2.5 2,5	883/882 908,5 896.5
Standard Cash 3 months	843-6 268-72	-0 -1,5	842/841

Official closing (em): Cash 249-9.25 (250-50.5), three months 255-5.5 (253.6-45), sertiemen; 249.25 (250.5). Finel kerb closo: 255-8. Turnover: 8-400 tennes. US Spot: 21-24 cents per pound.

Unofficial + or | Close (p.m.) — High/low E per tonne Cash 945-9.5 -1.85 248.35/248.5 3 months 85-1-4.5 +1 205/254

	Unoffic plostip		or Kigh	low
wh months	95504 2576-3	+4.		2505 2550
905-70],), same orb close	closing three n lement 2 e: 2679-8 r: 942 to	10nthe 2615 (2 0.	Cush 260 2555-7 (2 510).	15-15

KUALA LUMPUR TIN MARKET: Close 14.19 (14.26) ringgit per kg. Llown 0.07 ringgit per kg.

Grade	Unolficia close p.m & par l) + Or	High/low
Cash 5 months	549-5 540-1	1~5.5 ;~3.5	549 549/538. ₅
(551-3),	three mon 549.5 (5	the 546-	th 549-9.5 7 (545-5), Final Kurb

Wastern: 41,50-44,75 cents per pound

Gold rose \$1% an ounce from Monday's close in the London buildion market yestenday to finish at \$345'-347. The metal opened at \$345'-345 and traded between a high of \$345'-347, and n low of \$355'-348, touched at the opening. Trading was generally quint and featuroises with n weaker dollar providing some underlying support. GOLD SULLION (fine ounce) July 15

GOLD AND PLATIMUM COINS

Kr'g'rnd. 5344-546 Ia Krug. 537-3-381a Ia Krug. 537-3-381a I/15 Krug. 5371a-321a Maptoleat 53651a-561a Angel 5353-361a New Sov. 181-84 Old Sov. 5651a-881a 520 Eagle 34 10 460 Hobbe Plat \$448-495

5 live: was and 2.6p an ounce lower for epot delivery in the London buillion market yesterdey at 336.55p. U5 cent squivelents of the fixing levels word: soot 503.0c, down 0.56c; three-month 510.8c, down 0.75c; six-month 518.7c, down 0.9c; and 12-month 535 2c, down 0.75c. The metal opened at 337-338*_{2p} (505-507c).

US MARKETS COFFEE FUTURES gave up

INDICES

REUTERS

DOW JONES

Spot 184.79 134.57 Fut. 112.54 111.58

Coconut (Phili 18345w Palm Malayan 18255x

a Phil | 18145y - 15 | \$150 bean | U.S.) 3157.5y | +1 | 5153

\$255 \$247.5

METALS

July 19 July 14 M th ago Year 590

1413.8 1414.8 1635.8 1696.6 (Sma: September 19 103) -- 100)

Dow | July | July Month Year Jones 15 | 14 | ago | 200

(Base: December 31 1931 =100)

In tenneo unisos otherwiso stated.

buying dried up and profits were taken, reports Helnold. Prices reached the extended limit of 6c in the backmonth on the upening and the limitless spot September rallied to nearly 5.5c higher after another sharp rise in London in the morning. But as values neared 188c per pound and producer selling was triggered, prodit-taking halted MAIN PRICE CHANGES the rally and brought prices lower to close still marginally lower to close still marginally up on the day. After a dull and disappointing trading session in London, New York Cocoa prices moved up slightly after the news from the Geneva talks of a proposal by the USSR and switzerland of 105c per pound as a support price for the ICCO. Most of the gains were due to light buying and some short-covering in view of the positive tone uf the conference. Chicago soyabeans closed near the highs. The continued dry weather, which is reported to move into the US growing regions, prompted commission house huving in the absence of any good selling interest, and Aluminium...... £1 190,216 - 16 '81265,295 Copper Co

early gains after technical

NEW YORK ALUMIHIUM 40,000 lbs. cents/lb 61.55 51.55

Cettle selow: 10 (0) lots of 5,000 kg.
Pigs salcz: 10 (0) lots of 3,250 kg.
AREAT COMMISSION—Average letstock prices at representative morkels.
CB—Cettle 97.50p per kg lw (-0.34).
GB—Sheep 177.11p per kg usi dcw
(+8.491. CB—Pigs 73.42p per kg lw
(+0.63). COCOA

MEAT

Prices rose in the morning on weeker sterling and epitmizm over news from Geneve talks with chartist buying heloing the tally. But eiter meeting resizience at £1,400, basis Suptember, the morket fell back on a decline in New York and steador attring.

COFFEE Further epoculative shert-covering was evident in the moming as levels rose by up to 272, reports Oraxel Surnham Lambert. Scalu-up trade salling against physical purchases exhausted the buying by sally sitemnon and levels quickly assed. Physical domand, which had sincrosed over the previous two business days, quistaned as industrial.

COFFEE Yesterday + or

5ales: 8,425 (6,352) lots of 5 tonnes. 1CO indicator prices (US conts par peund) lor Jnly 14: Comp deily 1879 POTATOES +142 631.

SOYABEAN MEAL

initial weeknose was taken up by good commercial buying and prices therester railled. A firm Chicago market cauned lumber straight on the back of draught loses, reports Muirpeca.

August 125.0 125.5 | + 1.75 | 134.0 |
Cotober -- 124.9 125.5 | + 0.25 | 135.5 | 134.5 |
Dec. -- 127.9 125.5 | + 0.55 | 125.0 125.8 |
Feb. -- 127.0 125.5 | + 8.75 |
Apr. -- 127.5 129.5 | + 8.75 |
Junu -- 125.5 125.5 | + 1.25 |
August -- 125.1 125.5 | + 0.45 |
Feb. -- 125.1 125.5 |
Feb. -- 125.1 125.1 |
Feb. -- 12 Sales: 152 (315) lots of 20

GRAINS

New crop wheet lound short-term profit-teking against shipper support while new crop bestoy retained early standings to closes on the highs, raffecting keen deport times, reperts T. C. Roddick.

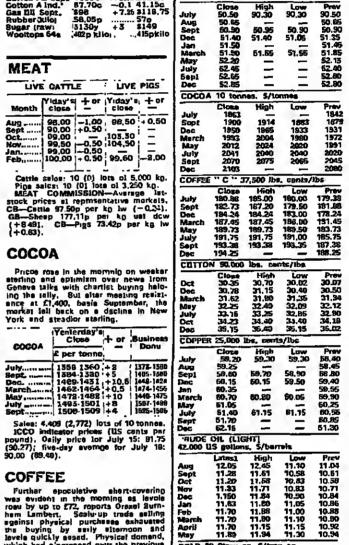
WHEAT BARLEY Yeslarday's + or Yest'rdy's + or

LONDON GRAINS—Wheet: US dark northorn upring no 1 15 per cent Aug 95.50. 2 upr 95.00. Oct 96.50 sellers tenselipmon! osol coost. US no 2 colt rad winter Aug 91.75, 2 upr 92.75. Oct 94.25. EEC second-hall July 117.50. English laod lob Sop! 101.25/102.00. Oct 120.50/104.25. Oct/Osc 106.00/107.00 buyer/eellers. Jen/Mer 111.00 buyes. Melicin: U5 no 3 yellow/Finnch tenselipmen! asel coset July 135.00. Barley: English terd fob Aug 99.25/99.75. Sept 101.00/102.00. Oct/Osc 106.00/106.75. Jan/Mar 111.00/111.75 buyer/sellers.

5 months, [344,80p | -2.75;346.5p | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.56 | -5.80; | -8.5 HCCA — Locational ex-larm spet prices: Feed barloy: S. Essi 94.20, W. Mids 93.00 The UK monotary confident for the week beginning July 21 (based on HGCA calculations using two days' cachings raise) is espected to change to 1.111.

Closs Ff:
July 506.9 512
Aug 606.9 512
Sopt 511.3 516
Dec 519.0 524
Jan 521 5 521
March 528.3 532
May 534 1 540
July 538.6 542
July 538.6 542
Sept 548 0 542
Sugar WORLD 11
112,000lbs, cents/lbs good selling interest, and only some producer selling was noted on any rally. The lamk of product on the physical market and relatively few delivery notices on the

J uly contract underpinned the move.



After a nervous morning, with April trading erraticelly between £2.00 up and £2.00 down, the market resumed the recent bear trend. alboit in low volume, to close on a week note, reports Coley and Herper.

Yesterdays: Praylogs (Quenuse)

High 12.45 11.61 17.58 11.71 11.84 11.80 11.88 11.90 11.15

Low

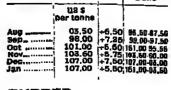
GOLD 10 Otroy oz, \$/troy ez

Selee: 1,091 (1.428) lots of 40 tonnes.
Earlies—July 94.00. ~2.50; Aug 82.50. ~2.50; Sept 82.50, ~1.30. Selee: 0 lots of 10 tonnes. OIL

CRUDE OIL—FOB (\$ per barrel)—August Arab Heavy 5,90-5,80 0.55
Brent Bland 9,45-9,65 +1,00
W.T.L (1pm est) 11,90-12,00 + 1,20
Forcados (Rigeria)
Uralu (cff NWE)

Turnover: 3,904 (1,340] lole ol 100 GAS OIL FUTURES

U2 S per tonne



RUBBER

PHYSICALS — The London market opened about unchanged, drafted lower throughout the day end closed quist and slightly assier, teports Lowie ned Peat. Closing orices (buyem): Spot 58 25p (same): Aug 67.25p (same); Sopt 67.25p (same): The Kuals Lumpur lob price (Melaysian cents par kg): R55 No. 1 212.0 (same) and 6MR 20 199.0 (188.0).

High Low 345.3 wWHEAT 5.000 bu man, cents/60th-bushel 345.3 cents/60th-bushel 345.3 cents/60th-bushel 355.5 350.0 349.4 July 268.4 274.4 265.0 269.5 356.5 353.0 352.5 Sept 256.0 291.0 255.5 259.4 359.9 357.0 355.1 March 255.0 255.4 259.2 259.4 259.2 358.7 358.7 365.9 July 21.0 233.4 220.4 220.6 237.3 365.9 July 21.0 233.4 220.4 220.6 373.5 373.0 373.2 14.00 (asmo] conts per pound. Mandy 270.5 259.4 259.2 ...FUTURE6 — Index 576. Aug 575-578. Sapt 575-578, Oct-Oac 571-575. Jan-March 580-584. April-June 560-575, July-Sapt 592-597. Sales: Nil.

Testerdays: Previous equal resolutions ediose close cl SUGAR

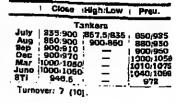
S per lonne F.O.B. Sales: 3,421 12,324] lots of 50 tonnes.

LONDON DAILY PRICE—Raw sugar \$130.00 (E87.00), up \$3.00 (up £2.00) a tonne for July-Aug delivery. White sugar \$172.00, up \$8.00. Tate and Lylu dolivery crice lot gamulated basis sugar was £190.00 (£187.50) a tonne for export. in-lornotionel Sugar Agracment—(US cants our pound lob and stowed Caribbean ports). Prices lor July 14: Barly oiles 4.95 (5.08]: 15-doy average 5.52 (5.58].

PARIS—(FFr per ronnel: Aug 1110/ 1090, Oct 1218/1220, Occ 1245/1250, Occ 1245/1260, Mar 1275/1285, Mey 1315/1330, Aug 1355/1375. FREIGHT FUTURES

Close : High/Low | Prev. Dry Cargo

Turnover: 40 (80).



Australian farmers to fight 'abuses of power' BY PATRICIA NEWBY IN MELBOURNE

AUSTRALIA'S increasingly militant farmers have reached the A\$10m (£4.3m) target for their so-called "fighting fund." established earlier this year by the National Farmers Federa-Over the past two weeks 15,000 volunteers have been door-knocking on farms and

rural businesses around the country seeking donations. Interestingly, shout 40 per cent of the money raised came from city husinesses which recognise the possible spin-offs for all business from what the farmers The fund was launched to

The fund was launched to give the already very sophisticated NFF some real economic clout. According to Mr Rick Fareey, the NFF's deputy director. "agricultural issues are public issues. They are economic issues. But you need money behind you if you are coing to make any impression." going to make any impression." and the interest used to fight "abuses of power by unions, government or business" including so-called anti-business

Already the NFF has advised farmers not to pay the receotlyintroduced and controversicl of an industry's capacity to pay.

fringe benefits tax. The NFF

Because it is so decentralised about 6 per cent of Australia's economic force.

fighting fund to back a court challenge to the tax which makes employers liable for a tax on henefits they provide for employees such as subsidied housing, cars, and tax on the first contribute to the farmers challenge to union power.

The farmers will also challenge to the tax which workers, farming is seen as less vulnerable to union retaliation so city businesses are bappy to contribute to the farmers challenge to the tax which makes comployers liable for a so city businesses are bappy to contribute to the farmers challenge to the tax which makes comployers liable for a so city businesses are bappy to contribute to the farmers challenge to union retaliation so city businesses are bappy to contribute to the farmers challenge to the farmers challenge to the farmers will also challenge to the farmers will also challenge to the farmers will be a supply to the farmers wi entertainment,

CONTINUING DRY weather In parts of the wheat belt has led the Australian Bureau of Agricultural Economics to revise downwards by 800,000 Australia's expected 1986-87

wheat crop.

With virtually the whota crop sown, the BAE is pre-

dicting a 14.7m tonnes harvest. Even this depends on good spring rains in northern New South Wales and Faced with deteriorating

world prices for most agricul-tural commodities, the NFF lurned its considerable lobbying skills to trying to reduce costs at home. This means taking on the unions over centralised wage-

the-board wage increases for

governments over policy decisuch as texation, tariffs and freight rates.

There are around 174,000 farms in Australia, employing some 376,000 people or six per cent of the workforce. About Im of Australia's 7m workers are indirectly dependent on rural industry.

income.

The Bureau of Agricultural Economics (BAE) has predicted that farm incomes will fall this year by 18 per cent following a 31 per cent following a 31 per cent fall last year, About a third of Australia's farmers are likely to lose money this year.

The Federal Government, faced with an A\$14bn trade deficit for the year to Junc 30, is generally sympathetic about the farmers plight and has made several concessions to enable farmers to stay on the land. But the increasing stri-dency of the farm lobby recently caused Mr John Kerin, the primary industry minister, to warn against what he called "farm fundamentalism." Mr Kerin, himself a former poultry fermer driven from

the land by economic considera-tions, said there was nothing intrinsically better about earning s living from the land than from any other source. Nevertheless, the feeling that a farmer has the right to stay on his land is the motivation

SILVER

576.55p -2.80 337.5p -0.5 5 months, 344.60p -2.75;346.5p -0.5 6 months, 352.65p -2.66 -12 months, 368.95p -3.96; -

CURRENCIES, MONEY and CAPITAL MARKETS

75.7 113.3 78.9 127.5 95.3 85.2 136.6 163.4 99.9 46.7 213.8

CURRENCY RATES

FOREIGN EXCHANGES

Pound recovers, dollar weak

Sterling recovered much of the ground lost on Monday, helped by profit-taking and steadier oil prices. Market attention tended to focus more towards the dollar which also helped. News of 2 l.4 per cent fall in UK industrial output was something of a disappointment but did not appear to have much effect on the pound. In fact it opened at the weakest level of the day and closed at the highest its exchange rate index started at 731, down from 73.4 on Monday, and rose steadily to finisher at 73.7.

It rose against the Deark to DM 2.24 from DM 3.2275 and y228.5 compared with y237.50. Ensewhere it closed at SFr 2.6300, down from SFr 2.6350, but rose against the French franc to FFr 10.4575 from FFr 10.8530.

The dollar was confined to a relatively narrow range and yest terday's economic statisties provided insufficient impetus for raders to test a DM 2.15 support level with any real conviction. US retail sales had been expected. Us retail sales had been expected. Against this background the dellar maintained its bearish undertone. Some dealers suggested that further evidence of a sluggish economy could were near enough to expects.

CURRENCY MOVEMENTS POUND SPOT-FORWARD AGAINST POUND Day's spread Close One month p.s. months

1.4785-1.4865 1.4950-1.4960 0.45-0.42c pm
2.0385-2.0549 9.0520-2.0530 0.36-0.26c pm
3.671-2.385-3.657-3.657-3.757-1.14c pnc
12.051-2.12 12 Sterling.
U.S. dollar coller canadian dollar canadian dollar canadian dollar canadian dollar canadian dollar canadian dollar canadian cana Morgan Consumty changes: everage 1900-1902-100, Back of England Index (Dase syrings 1906-100).

DOLLAR SPOT-FORWARD AGAINST DOLLAR | Dollar | Day's | Spread | Close | One month | No. | Three | No. | Donnation | No.

EXCHANGE CROSS RATES 1. 1.498 5.240 258.6 10.46 2.830 3.668 2216 2.053 66.70 0.659 1. 2.166 159.5 6.998 1.760 2.446 1482, 1.372 44.60 0.956 1.450 X.096 828.1 10. 2.516 3.497 2119 1.963 63.75 0.560 0.569 1.252 90.60 8.976 1. 1.891 842.6 6.760 25.26 0.278 0.409 0.886 66.21 2.859 0.719 1. 606.9 0.561 18.24 0.451 0.675 1.468 107.6 4.719 1.187 1.650 1000, 0.986 50.18 C3 0.487 0.789 1.579 116.3 5.096 1.281 1.782 1080 1. 32.50 RFr. 1.492 2.892 4.869 357.6 15.68 3.943 5.484 5882 3.077 100.

Yea per 1,000: French fe per 10: Alra per 1,000: Beig fr per 100. **EURO-CURRENCY INTEREST RATES**

July 16	Short	7 Days notice	Month	Three Months	Sb; Months	One Year
Sterling	934-979 619-558 814-819 659-578 959-878 419-459 718-718 9-1012	918-918 84-819 536-576 918-956 918-956 71-7-7-7-7-7-7-7-7-7-7-7-7-7-7-7-7-7-7-	976-16 63a-656 8-4-8-7- 611-918 4-6-4-6 71-7-7- 105a-1114	10-10/8 610-856 8-814 614-516 412-616 412-456 714-714 11-11/2	9 \$-10 \$ 512-556 814-516 656-516 4 \$-516 7/\$-7 \$ 1118-1112	918-10-1 6-3-6-1 8-3-6-1 8-3-6-1 4-7-5 4-7-2-1 16-7-11-1
B.Fr.(Fin) S.Fr.(Con) Yen D. Krone Asian 3 (Sog)	714-745 7-712 411-413 654-614 656-634	714-756 7-712 411-45 914-956 6/5-614	714-736 7-716 411-484 886-914 6-8-616	719-719 619-719 411-418 9-912 63-618	7.714 679-756 418-418 914-954 6-8-618	7-71s 67s-77s 45s-44s 91s-10 67s-61s

FINANCIAL FUTURES

Firmer trend

although signs of sluggish economic growth should push the market higher, other recent UK economic news and the vulner-oblity of the pound to lower oil prices, suggested there would not be a lowering of British interest rates. September gilts finished at 119-25, against 119-15. US Treasury bonds moved ahead initially, and although the September contract peaked at the firmer trend, but dealers noted a lack of follow through buying, with the price falling short of strong resistance at 120-50, reaching a peak of 120-15.

Poor economic news, with UK industrial production falling industrial production falling industrial production falling industrial production falling industrial production facturing output declining by 0.1 per cent in the same month, had no impact.

Dealers commented that interest rates. September gilts finished at 119-25, against 119-15.

US Treasury bonds moved a head initially, and although the character contract peaked at 100-24 in London, the Chicago market was higher, coming close to a resistance point of 101-03, before retreating on profit taking. Eurodoilar futures were strong, trading at rather high levels, timless there is to be another cut in the US interest rate.

tions not to make much difference so that the dollar remained within its recent trading range. Nevertheless, it retained a bearish undertone with the market still expecting lower interest rates to help reduce the large US trade deficit. The dollar was fixed at DM 2.1810 market helped long gilt futures. The dollar was fixed at DM 2.1810 without any intervention by the Bundes-bank. It closed at DM 2.1845 town from DM 2.1870.

I APANESE YEN — Trading range against the dollar in 1986 is 202.70 to 129.45. June average 187.50. Exchange rate index 213.3 against 176.1 six menths 230.

The yen was hardly changed to sagainst the dollar in Tokyo yesterday compared with closing 120 to a narrow range but lacked the support derived from recent short covering. The latter appeared to evaporate as the market restricted itself abead of US economic data due out after appeared with Y159.70 in New York 1.30 to 2.20 c.37 c. 10.20 c. 1.30 c. 1 | Columbia Une Sept Dec Mar June

- 0.00 0.01
- 0.00 0.02
- 0.60 2.03 6.11
- 0.00 6.06 0.16
- 0.02 0.11 6.23
- 0.05 6.17 6.32
- 6.12 6.27 0.44
- ct. Calls 861, Puts 1,120 4.65 2.00 0.86 0.15

CHICAGO 20-YEAR 12% NOTIONAL GILT 250,000 32nds of 100% ### 159,000 32nds of 160%

| Close High Lew Previous 19-26 120-15 119-15 115-14 |
| Dec 119-19 — 113-10 |
| March 119-13 — 119-04 |
| March 119-13 — 119-04 |
| Estimated volume 11,351 (14,912) |
| Previous day's open left, 14,982 (15,412) |
| Basis quote (clean cash price of 13% |
| Treasury 2004/08 less equivalent price of near futures contract) —4 to 4 |
| (32nds). |
| 10% NOTIONAL SHORT GILT |
| 2100,000 64th of 100% |
| Close High Low Previous 19-26 |
| Close High Low Previ E100,000 64th of 100%

Ciose High Low Prev
Sept 101-00 101-10 101-00 101-00
Dec 101-00 101-10 101-00 101-00
Eathersted volume 68 (60)
Previous day's open int, 736 (786)

THREE-MONTH STERLING
2500,000 points of 100%

Sept 30.18 90.24 90.18 90.17
Dec 50.42 30.45 90.23 90.39
Heards 60.37 30.36 90.28 30.31
June 90.20 90.23 90.19 80.19
Sept 90.07 90.06 90.06 90.06
Enatimated volume 6,780 (6,341)
Previous day's open int, 14,842 (15,989)
US TREASURY BONDS
9% \$100.000 32nds of 100% US TREASURY BILLS (MEM) Sim points of 100%

CERT, DEPOSIT (IMM) Sim points of 100% ** Points of 100% | 1.475 | 1.470 | 1.466 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1.450 | 1. THREE-MONTH EURODOLLAR \$1m points of 100%

STERLING INDEX

73.3 73.3 73.5 73.5 73.5 73.5 73.5 73.7

+0.91 +1.05 -0.91 -0.96 +0.03 +0.22 -2.36

9.00 am 19.00 am 11.00 am Noon 1.00 pm 2.00 pm 3.00 pm

July 15 Previous

73.8 73.8 73.6 73.6 73.6 73.5 73.5

±1.5388 ±1.6405 ±1.1202 ±1.3701 ±1.5081 ±1.6669 ±4.0788

FT-SE 100 INDEX 626 per tuil Index point Close High Low Sapt 161.60 162.20 161.00 1 Dec 164.40 164.70 164.70 1 Merch 167.00 Estimated volume Previous day's open int. (2.198) Previous day's open int. (2.198)
THREE-MONTH EURODOLLAR
51m points of 100%

Close High Low Prev
Sept 93.62 93.66 93.51 93.56
Dec 93.66 93.60 93.54 93.48
March 93.98 93.40 93.54 93.48
March 93.18 93.47 93.12 93.6
Sept 92.84 92.87 92.94 92.74
Dec 92.56
March 32.29 92.94 92.74
Dec 92.56
March 93.20 92.94 92.74
Previous day's open int. 18,244
(18,476) **CURRENCY FUTURES** POUND — \$ (FOREIGN EXCHANGE)

Bpot 1-mth, 3-mth, 6-mth, 12-mth,
1,4965 1,4912 1,4932 1,4708 1,4708 1,4807

IMMM—STERLING \$8 per £

Latest High Low Prev

Sept 1,4960 1,4860 1,4810 1,4705

Dec 1,4735 1,4770 1,4865 1,4860

Idwich 1,4800 1,4616 1,4675 1,4520

LEFE—STERLING 225,000 \$ per £

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4th July, 1986

MONEY MARKETS Houses sell long-dated bills

Interest rates showed little movement on the London money market yesterday, but after a period of diappointing economic news the discount houses decided to sell their longer dated paper. This was an indication that the houses ne longer believe these longer dated band 4 bills can be run on their books at 2 profit, and that bank rates will not be cut in the foreseable future. Continuing poor UK money supply figures, and the weakness of sterling on falling oil prices, appears finally to have convinced the majority of houses that there is little prospect of lower rates at present. Three-month interbank finished unchanged at \$15-10-7 per cent.

The Bank of England initially forecast a money market shortage of £700m, but revised this to £950m at noon, and provided total help on the day of the majority round of help was An early round of help was An early round of help was a period of diappointing economic money market shortage at the London money in the satternoon the surthoriting in the satternoon the surthorities to bught £178m bills in band 4 at \$15 per cent. In the streenon the surthorities to bught £178m bills entripying way of £6m bank bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury bills in band 2 at \$15 per cent; £46m Treasury

An early round of help was offered, and at that time the Bank of England bought £660m bills cutright, by way of £68m bank bills in band 2 at 911 per cent; £178m bank bills in band 3 at 91 per cent; and £414m bank bills in band 4 at 911 per cent. Treasury Bills & Bonds Another £27m bills were pur-chased outright before lunch, through £4m bank hills in band

MONEY RATES

Ovr.nig": One 1 Two : Three Six Combard Ovr.nig": Month | Months : Months : In Visn July 16 Frankfurt --

In Frankfurt call money rose to 4.60 per cent from 4.40 per cent as liquidity drained out of the money market, for investment in a DM 4bn offering of Federal Government loan stock. Tax payments on behalf of customers also led to tighter conditions, but the situation was regarded as temporary, and not requiring an injection of money UK clearing bank base lending rate, 10 per cent since May 22 central bank's council meets tomorrow, but is not expected to follow the US Federal Reserve in cutting its discount rate. FT LONDON INTERBANK FIXING Six months US dollars

EMS EUROPEAN CURRENCY UNIT RATES

Three months US dollers Offer 6 to Offer 9 to The Sking mass are the arithmetic means, rounded in the nearest ons-streamth, of the bid and offered mas-ter \$10m quoted by the market to five

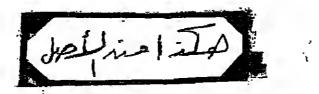
LONDON MONEY RATES

6.17 6.56 9.72 6.06 8.94 7.19 7.20 7.15

Month 911-911 911-911 1014 — 7-11 95-95t 95-95t 016-934

Trassury Bills (sell): one-month 9th per cent; three months 9th per Bank Bills (sell): one-month 9th per cent; three months 9th per Trassury Bills: Average tender sets at discount 9.3907 per cent. ECGO Finance Schame IV retarance dete June 4 to July 1 (inclusive) ERZA per Local Authority and Finance Houses seven days' notice, others seven Local Authority and Finance Houses seven days' notice, others seven days fixed. Finance Houses Base Rate 16 per cent from July 1 1986. Bank Osposh Rates for sums at seven days' notice of the July 1 1986. Bank Osposh Copposit (Series 8): Deposit Cl00.000 and over held under one month 10 per cent three-six months 9%, per cent six-nine months 9%, per cent six-nine months 9%, per cent; nine-12 months 9%, per cent. Under £100.000 9% per cent from Juse 25. Osposha held under Series 5 9% per cent. Osposits withdrawn for ceab 55- ner cent. This announcement appears as a matter of record only

38				ENGINEERING		Wednesday July 16 1986
1986 Price + ar Yield 1986 High Law Stock		N SHARE S	SERVICE	3986 High Law Stock Pri 611-1 35 Blackwood Hodge 5 625 1 240 Toothom Engineer LL 64	or 1 - Met 15 w 6 5 P/E 139 or 1 - Met 15 w 6 5 P/E 148 b H1.0 - 2.8 6.8 135 0 - 412 0 3.7 2.8 135 435	Sect
107.1 1001/Esth 14ex 1996 1001 11.106 10 06 357 98.4 98.5 10.2 1001/Esth 21gc 1986 98.4 2.52 7.29 31.4 194/Craysler 554 10.2 1004/Esth 134gc 1987 301.2 11.0 1001 124/176 (A)Fee Fin Corp. 1001/Fin 17.2 11.0 1004/Esth 134gc 1987 1004/Esth 134gc 1987 1004/Esth 134gc 1987 1004/Esth 10.2 10.2 10.2 124/176 (A)Fee Fin Corp. 1004/Esth 134gc 1987 1004/Esth 10.2 10.2 10.2 124/176 (A)Fee Fin Corp.	234-5 MARC - 20 BUILDING, TIMBER	1+ and Day YET 1986	CRY & STORES—Cont.	127 75 Braithmater (1	50 +15 12.0 13 8 11.0 31 18 527 510	22 Manager Floy: 100 27 -1 02 70 11 12 51 Analysis Floy: 100 59 - 41 51 Analysis Floy: 100 59 - 42 55 Analysis Floy: 125 100 80ct and (2010) 510 -5 8° - 22 - 1861/Anale Bre Parts 223 -2 150 35 25 14
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----- EVOUANCE

LONDON STOCK EXCHANGE

Account Dealing Dates *First Deciara Last Account Dealings tions Dealings Day June 30 July 10 July 11 July 21 July 12 July 24 July 25 Ang 4 July 28 Ang 7 Ang 8 Ang 18 ** "New-Omo" dealings may lake place from 8.30 am two business days earlier.

London stock markets re-gained a measure of composure gained a measure in composite after the previous day's setbacks prompted by persistent weakness in sterling. Inevitably, 81 eyes were on the pound at the opening of markets yesterday and a much steadier trend in the

Stewart Wrightson jump
Slewart Wrightson were outstanding among firm Laoyd's as hopes of a cut in Interest rates faded, Marks and Spencer, down to 1969 earlier, railied to tive buying fuelled by rumours of a possible 17 per share bid from Citicorp of the US, before closing the session a net 20 higher on balance at 448p. Cur-

EQUITY GROUPS

& SUB-SECTIONS

1 CAPITAL 6000S (212) Building Materials (26) Contracting, Construction (30)

Mechanical Engineering (61) ... Metals and Metal Forming (7)... Other Industrial Materials (22).

Food Manufacturing (22)... Food Retailing (15)..... Health and Household Products (10) Leisure (28)

Publishing & Printing (L4) Packaging and Paper (L4) Stores (39) Textiles (17)

OTHER GROUPS (88)

49 INDUSTRIAL CO 59 500 SHARE INDEXISOR FINANCIAL GROUP (117)

Insurance (Composite) (7) Insurance (Brokers) (9).... Merchant Banks (12)... Property (50).... Other Financial (23) Investment Trusts (101) ... Mining Finance (2) Overseas Traders (14)

FT-SE 100 SHARE INDEX 4

FIXED INTEREST

Day's change %

Men July 14

nd adj. today

red add. 1986 to date

Electropics (38)

Equities down again but Gilts rally in line with sterling

rency influences provided the major spur for others in the sector and old bid favourite sector and old bid favourite Hogg Robinson were notable for a rise of 12 at 310p. Derek Bryant leapt 30 to 305p in a restricted market, while PWS International gained 10 at 320p. Sedgwick put on 7 at 345p and Minet gained 6 at 248p.

Standard Chartered, still reflecting its escape from the hostile £t.3bn bid by Lioyds, followed Monday's decline of 57 with a fresh reaction to 712p yesterday before rallying on the appearence of cheap huyers to end the day 5 dearer on balance at 723p. Among merchant banks, opening of markets yesterday and a much steadier trend in the curency lead to a gradual restoration of confidence.

Initial dealings to the equity sectors were soured by the overnight fall on Wall Street and resulted in a mark down of leading abares, particularly the international stocks.

A put through of some 46m Hanson Trust shares at around 175p was also an early restraining factor, but once this had been successfully completed a recovery movement got underway. The transaction was part of a 106m placing of Hanson shares issued following the acquisition of Imperial Group.

There was no real force behind the rally which began to look a little fragile awaiting the opening of Wall Street. In the event, transatlantic markets failed to give a positive lead at the opening of wall Street in the event, transatlantic markets failed to give a positive lead at the opening of wall Street in the event, transatlantic markets failed to give a positive lead at the opening of wall Street in the event.

Illustrating the trend, the Financial Times Ordinary share selling in front of today's annual

ing yesterday and the final tone in domestic equities was rather uncertain.

Illustrating the trend, the Financial Times Ordinary share index reduced a loss of 7 points at the t0 am celcutation to one of 4.7 an hour later, but drifted back again to close 7.3 down on the day at t302.6. The FT-SE 100 closed 4.3 lower at 1593.0 after having recorded a fall of t1.5 at the opening.

Overall conditions were rather quiet, but takeover altuations, both rumoure dand actual, kept interest alive. Four new bids were announced yesterday among which Bestobel found itself on the receiving end of an offer from Megglit Holdings.

Government securities also put on a better performance. Apart from the raily in sterling, market sentiment was helped by the overnight improvement in US bonds and long-dated stocks, which sustained falls extending to around two points on Monday, regained up to § In common

which sustained falls extending to around two points on Monday, regained up to §. In common with the equity sector, trading was at a low ebb, but the better conditions encouraged some switching activity.

Elsewbere, Chinese bonds moved up sharply in anticipation of imminent debt settlement news, Dealings in Russian bonds were temporarily suspended pending a statement; it was announced later that agreement had been reached between the UK and Soviet authorities regarding settlement details of Russian bonds owned by British nationals.

Stewart Wrightson iumn

FI-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times. the Institute of Actuaries and the Faculty of Actuaries

lodex No.

Tuesday July 15 1986

Gross Div. Yield% (ACT at 29%)

| No. | Change | Chan | CACTat | Chet | pricine | No. | No.

| Index | Day's | Day's | Day's | July | July | July | July | Year | No. | Change | High | Low | 14 | 21 | 10 | 9 | 8 | ago | | 1593.0 | -4.3 | 1595.4 | 1585.4 | 1597.3 | 1626.4 | 1626.7 | 1614.6 | 1599.0 | 1239.5

AVERAGE GROSS REDEMPTION YIELDS

		·					19	36	Since Co	repliation
	Joly 15	July 14	July 11	July 10	July 9	sto Aces	High	Low	High	Low
Government Secs	89.00	88.92	89.91	90.41	90.66	83.18	94.51	80.39	127.4 (9/1/35)	49.18
Fixed Interest	96.35	%.25	96.87	97.12	97.16	87.66	97.68 (7/7)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/2.75)
Ordinary 🕈	1302-6	1309.9	1337.3	1340.6	1331.5	928.7	1425.9	1094.3	1425.9	(26/6/40)
Gold Mines	190.3	195.4	1981	203.6	202.4	399.0	357.0 (27/1)	190.3	734.7 (15/2/93)	43.5
ord, Div. Yield	4.24	4.72	434	4.13	4.15	5.00	-	S.E. AC	TIVITY	
Earnings Yld.76(full)	10.22	10.16	9.93	9.90	9.953	12.47	to	siçes	July 14	July 11
P/E Ratio (set) (*)	11.90	11.97	12 27	12.30	12.24	9.79		Baryales		133.6
Total Bargains (Est)	25,183	27,706	30,448	28,527	25,555	19,980	Equity Barry	ains	1561	1,590.6
Equity Turnover £m	_	630.81	786.95	798.15	621.33	37L40	5-Day Ave	rage		
Ecuity Bargakis	_	24,097	27,983	26,603	23,552	15,141		Bargains		136.5 178.4
Shares Traded (ml)	_	247.3	333.4	313.3	237.3	173.1	Equity Value	t	1,371.4	1.319.5
	10 a.m. 1302.9		a.m. 75.3	Noon 1303.4		p.m. 302.3	2 p.m 1302.	3 [3 p.m. 303.3	4 p.m. 1303.6
Day's High 130 Basis 100 Gove	5.3. D	ay's Low	1299.8	8 Adlese	17735. G	nid Mines	12/9/55. SE	Activity 19	74 +NV=11	50.

downgrading by brokers James Capel.

A few firm features emerged among secondary Engineers. F.H. Lloyd's annual results pleased and the shares rose 5 to 71p, while speculative support was fortbeoming for William Boulton and Bronx, both of which closed 3 higher at 24p and 33p respectively. Castings added 5 at 115p. Crown House, oo the other hand, lost 6 more to 216p on further consideration of the results. The leaders remained quietly dull with Hawker a further 3 off at 531p and Vickers 8 couple of pence off at 431p.

Bid developments prompted a couple of contrasting movements in the Food sector. Mayhew Foods gained 15 to 130p on details of an agreed offer from Northern Foods, 4 cheaper at 292p, but Slaters Foods, having risen 22 on Monday on speculative buying, reacted 12 to 178p following a recommended share-exchange offer from Freshbake.

Fri July 11

No.

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Year age (approx.)

Men July 14

Toes July 15

Bestobeli

Bestobell provided an out-standing firm feature among miscellaneous industrials, rising standing aim feature among miscellapeous industrials, rising 35 to 533p, after 535p, on news of the bid, later rejected, from Meggitt Holdings, a couple of pence up at 138p, after 131p. Elsewhere, Metal Closures continued to reflect a newsletter recommendation with B fresh rise of 8 at 153p, while a flurry of speculative buying on bid hopes lifted Hyman 4 to 421p. Biddle firmed 7 to 185p following the increased bid from Myson, while Pearson, at 533p, retrieved 5 of Monday's fall of 25 which stemmed from a newspaper's "sell" recommendation. Breagreen hardened 1½ to 374p following the results, but profitaking in the absence of bid developments left Nu Swift Industries 15 lower at 158p. Tiphook cheopened 5 to 335p

afforded the preliminary results. Handbag merchants Lanea attracted revived speculative support and improved 6 for a two-day gain of t1 at 54p, but Tern, due to reveal annual results of pence to 52p.

Elseviner due to reveal annual results of pence to 52p.

Elseviner a moderate business. Plessey came on offer at 214p, down 6, while Thorn EMI reliquished 4 at 451p and BICC softened a couple of pence at 281p, each of code's intermi results, while 281p on nervous offerings ahead of today's intermi results, while Denmans continued to reflect the profits warning with a similar decline to 90p (nestel fell 28 to 245p on further consideration of the results, while Systems Designers Gropped 4 more making a two-day relapse of 18 at 88p following a profits downgrading by brokers James of 18 at 88p following a profits downgrading by brokers James to 129p. Afford the results of 18 at 88p following a profits downgrading by brokers James to 129p. Afford the whole speculative support. The constitution of the results while Systems Designers Gropped 4 more making a two-day relapse of 18 at 88p following a profits downgrading by brokers James to 129p. picked up in the late dealings to close without alterative ware foreigners. F.H. Lloyd's annual results pleased and the shares rose 5 to 71p, while speculative support for 12p, while speculative

Ocean Transport bardened the turn to 219p following news that Mr Ron Brierley's IEP Securities holds a disclosable stake. Textiles finished a shade easier for choice, John Crowther

easier for choice. John Crowther eased a few pence to 170p, while Ireland's Sunbeam Wolsey, currectly in receipt of an offer from the former, gave up a similar amount to 125p, Burmatex, 180p, and Sanderson Marray and Elder, 109p, dipped 8 and 9 respectively. In contrast, Stroud Ridley Drummond continued to benefit from a favourable Press mention and hardened 4 for a two-day advance of 11 to 134p. Bulmer and Lumb, depressed on Monday following news that informal takeover talks with John Haggas had been terminated, rallied 4 to 96p.

Financials again highlighted

Financials again highlighted Authority Investments which were marked 100 higher to 500p in response to the partial tender offer from Berkley Houso — a Industries 15 lower at 158p.
Tiphook cheapened 5 to 358p after trading news and falls of 9 and 10 respectively were seen, in Reoters, 483p, and Parkfield, 535p. Metal Box, 45 down 8t 725p, on competition worries featured the leaders where Glaxo dipped 15 to 950p.

Publishers were mixed.
Further profit-taking left Associated Newspapers 7 off at 308p, but buyers displayed renewed enthuslasm for United, finally g to the good at 338p. Paper/Printings gave ground under

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (41]

FOREIGN BONDS (1) Chinase 5oc '25 asver. 2ANKB (1] First Pecific Hidg. BREWERS (2) Mecdenald Martini, Ruddle (6.). BUILDINGB (4) Arnclise. 2articley Groue. Tilbury. Vibraelont. CHEMICALS (1) Cealite. BTORES (1) Remor Textiles. ELECTRICALB (2) ASEA AB A. Teshibe Corp. ENGINEERING (5) Baullen (Wm). 2renx Eng. Cestings. Eadie. Lloyd (F. H.). FIIIIIS (4) Fill, Maybew Foode. Park Food. Tavener Rutledge. INDUSTRIALS (8) Assoc 2rit Eng 8pc Cum Cv Red Pl. 2esrabell, Gestatner, Hymen. J2 Pelhelogy, Securiguard, The Timas Veneer, Westweed Llaws. A. INSURANCE (2) 2radstock. Stowart Wrightsen. PROPERTY (2) Len Shep Pres. Marler Estates. TEXTILES (2) Pentherelle. Stread Riley Turmmond. TRUSTS (5] Greshem Heuse. 2stries TRUSTS (5] Gresham Heuse, 2strie

RACE I	EME	DING RATES
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	%	. %
ABN Bank Allied Arah Bank Ltd	16	Equatorial Tst Corp. plc 10
Allied Arah Bank Ltd	10	Exeter Trust Ltd 1944
Allied Dunbar & Co	10	Financial & Gen. Sec 16 First Net. Fin. Corp 11
American Express Bk	10	First Nat. Sec. Ltd 11
Amro Bank		Robert Fleming & Co 10
Henry Ansbacher	10	Robert Fraser & Ptrs 11
Associates Cap Corp		Grindleys Bank 219
Banco de Bitbao		Guinness Mahon 10
Bank Hapoalim	10	e Bambros Bank 10
Bank Leumi (UK)	10	Heritable & Gen. Trust 10
Bank Credit & Comm	10	• Hill Samuel 510
Bank of Cyprus	10	C. Hoare & Co 10 Hongkong & Shangkai 10
Bank of treland	10	Knowsley & Co. Ltd 181/2
Bank of India Bank of Scotland	10	Lloyds Bank 19
Banque Belge Ltd	10	Mase Westpac Ltd
Barclays Bank	10	Meghraj & Sous Ltd 19
Benchmark Trust Ltd	10	Midland Bank 19
Beneficial Trust Ltd	11	Morgan Grenfell 10
Brit. Bk. of Mid. East	70	Mount Credit Corp. Ltd 10
e Brown Shipley	18	National Bk. of Kuwait 10
CL Bank Nederland	10	National Girobank 10
Canada Permanent	18	National Westminster 19
Cayser Ltd	10	Northern Bank Ltd 10
Cedar Holdings	31	Norwich Gen. Trust 18
• Charterhouse Bank	10	PK Finans, Inti (UK)
Citibank NA	19	R. Raphael & Sons 19
Citibank Savings	110%	Roxburghe Guarantee Il
City Merchants Bank Clydesdalo Bank	10	Royal Bank of Scotland 10
Comm. Bk. N. East	10	Royal Trust Co. Canada 10
Consolidated Credits		Standard Chartered 10
		Trustee Savings Bank 10
Continental Trust Ltd		United Bank of Kuwait 10
Co-operative Bank		United Mizrahi Bank 10
The Cyprus Popular Bk		Westpac Banking Corp 16
Duncan Lawrie	10	Whiteaway Laidlaw 191/2
E. T. Trust	31	Yorkshire Bank10
w premuers or the Accepting i	TUUSES (Committee. • 7-day deposits 5.69%. 1- at 3 months' notice 9.72%. At call
mines 510 000± remains des	ingulud Sankari	# Call deposits £1,000 and over 64%
WIEN TIONALL LENGTH IN	misterit.	T CONTROL EXPOSE ON SECT OF 10

An initial mark-down of the leading Oils following the recent slide in crude oil spot prices, attracted persistent "cheap" buying and the majority of the top quality issues rallied sufficiently to close either unchanged on the day or with minor gains. BP, after npening at 555p, picked up to close a couple of pence firmer at 555p, while Shell were finalty unaltered on balance at 780p, after 773p. Britoll dipped to a record low of 138p prior to settling only a shade easier at 140p, while LASMO hardened 2 to 90p.

Secondary issues moved narrowty; Hunting Petroleum beld at 137p following news that the company has acquired French oil and petro-chemical equipment importer and distributor internet for £165m.

French oll and petro-chemical equipment importer and distributor Interpec for £1.65m.

South African sectors of mining markets lost further ground but geoerally closed well above the day's lowest levels. Gold shares were marked down at the outsot, reflecting fairly steep falls in the UB overnight, and drifted further before picking up later in the day. The minor rally was triggered by a firmer trend in bullion finally \$1.25 better at \$346.75, and an improvement in the Financial Rand, which was trading around 20.5 cents towards the close.

However, the Gold Mines index

However, the Gold Mines index showed a 8.1 fall at 190.3 — Its third successive decline and its third successive decline and its lowest level since June 1982.

Major Improvements in the beavyweights included Vaal Reefs, which gave up a point to £33, Western Deep. ½ off at a 1986 low of £15% and Buffels which dipped ½ more to £10%. South African Financials were similarly depressed. Gencor retreated 50 to 650p, "Amgold" ½ to a year's low of £34% and OFSIL a like amount to a record low of £11%.

to a year's low of £344 and OFSIL a like amount to a record low of £114.

UK-registered Financials provided a notable weak spot in Rio Tinto Zinc which dropped 25 to 562p following talk that a leading broking bousa bas downgraded its profits forecast. Consolidated Gold Fields drifted to 432p during the morning, picked up to 439 but eventually settled 6 off at 429.

The continuing alide on Wall Street bad an unsettling effect on overnight Sydney and Melbourno markets which came under renewed pressure. Australians were consequently marked lower at the outset of trading in London and generally closed with widespread, although generally minor falls. Golds were an exception, however, and Gold Mines of Kalgoorilo put on 5 to 380p. The leading diversified issues abowed CRA 10 off at 244p. Bougainville 4 lower Bf 98p and Western Mining 2 easier at 130p. Elsewhere, Cornish tin miner Geevor slipped 3 to 27p, reflecting the grim outlook for the company following the recent refusal of Government ald to keep the mine in operation.

Traded Options

Proceedings in Traded Options were dominated by Hanson Trust; the sizeable put-through in the underlying shares stimulated further demand for the options which attracted 2.857 calls and 272 puts. Dealers reported a lively and often evenly-balanced business throughout the list, especially in British Petroleum which contributed 1.131 calls and 463 pats and British Telecom which recorded 645 calls and 870 puts. The FT-SE 100 again reflected market sontiment, however, with 604 calls struck to 1,462 puts. Total contracts amounted to 18,387.

E	UROP	ean	OPT	ION	SEX		ang	<u> </u>	ĺ
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ASN C	F1,600	282	6.50 2.20	158	18.50	2	368 21.50	F1.604	١
ABN P AEGN C	FL600	99 13	2.20	68 X X] ,깊	23.50	-	ı
AEGN C	FL120 FL100 FL85	1 5	_	17	2	202	4.50 12A	F1.305	ł
AEGN P	FL85	873	6.20A	87	9.20 2.30 13.80 8.50	21 134 202 203 203 203 203 203 203 203 203 203	12A	erar	1
AH P AKZU C AKZU P	FLIM	346	3.40	348	17.20	33	3 15 10.50	M36370	1
AKZO P	FL170	盟	330	130	4	i —		FI.79.50	ı
AMEY C	F1.80 F1.80 F1.100	1783 117 221 242 243 243 243 243 243 243 243 243 243	3.40 6.50 9.36 1.50 2.50 2.60 2.60 8.30 1.80	87 348 453 130 75 75 70 21 34 27	33.20	28 28 2	5.40 15.50	FL108.96	ı
ANRO C	FI.130	85	130	70	11.30 6.20 4.50	26	17	-	1
CIST C	FL54 F1.56	85 580 555 44 28 19	0.40	77	1 2		6.50	F12670	ı
HEUR C	FI.170	44	2.60	a	8.80 4.20A	20 5	25 5.50	FI 373	١
HEM P	FL170 FL165	19	830	2	1200	-		7	l
HED C NED P	FI 172.50	874	2.80	304	700	24	33.50	F1.109.4	ş
HOOG C	FL110		1.60	361	7.80 6.20	24 139 44	5.40 5.308 6.508	-	١
HOSE P KLM C KLM P NEOL C	FLA5 Fl.50	191 525 10 201 130	140 140 430	262 143	3.40 6.30 8.20	139	6.508	FIA	1
NEOL C	FL170 FL170	10	4.30 0.60 5	38	8.20	_	· -	FI.345.50	ı
	FL170 Fl.85	201 130	0.70	10	9.50 4.606	7	7.30	FL85.30	Ī
MATR C	F1.80	513	1,40	122	2.50	30	3.20	FI.51.30	1
PHIL C	F1.45	_	1.44	794 361 262 148 36 10 122 122 122 15 860 765	4.606 2.50 4.30 0.30 3.70 7.20	7 30 212 364 233	730 316 580 180 750	-	1
RD C		772	0.10 1.70 2.20	860	3.70	233	7.50	F1.188.90	ŧ
ROBE C	FL90 FL90	46	220	1		I –	1 -	F1.92.20	1
ROBE C ROBE P UNIL C UNIL P	-FL90 FL500	374	. –	166 115	1.50 22.50A	7	35	F1.495.50	1
	FL480	17	2.40 9.46	115	9.96	12	13		1
TOTAL VOI	LUME IN CO			_					ł
	-	\=Ask	8-84	C	-C2H	P-Pu	·		_1

TRADITIONAL OPTIONS

Pirst Last For Deal-ings ings ings July 7 July 18 Oct 9 Oct 20 July 21 Aug 1 Oct 23 Nov 3 Aug 4 Aug 15 Nov 8 Nuv 17 Last For Declara- Settle-For rate indications see end of Unit Trust Service Stocks favoured for the call

included Barrie Investment and Finance, Abaco Investments, Associated British Engineering, Rockware, York and Equity,

Densitren, Hawtin, Morgan Greofell, "The Times" Veneer, Newman Industries, Amstrad, Property Trust, Bennett and Fountain, Alexanders Holdings, Manganese Bronze, Sheraion, Hanson Trust, Thomas Marshatt (Farley), William Boulton Polly Hanson Trust, Thomas Marshati (Loxley), William Boulton, Polly Peck, S. & U. Stores, Stone International, Parkfield and Nolton. Puts were done in Wellman, Conroy and P. & W. MacLellan. A double option was transacted in Abaco.

YESTERDAY'S ACTIVE STOCKS

Clearing Clearing Clearing Clearing Clearing Clearing Change Change	Above average acti	ivity was noted	IN THE CONDIVING BIOCKS	Acatolog	· .
	Stock stobell pamet Nil pd nson Trusi rris Queenswey	Clesing Rey's price change 533 +35 236 - 1 70m - 9 176 5 236 + 2	Stock IC1 Jeguar Nu-5wift Inds. Seers Slaters Food	Closins price 982 538 158 122 178	Ney's change - 6 -15 -12

MONDAY'S ACTIVE STOCKS

	Besed	on ben	gaine reco	rded in SE Offic	rai Lict		
Stock Peareon CI	-No. of changes 21 18 17 15	Mon. cle se 528 990 71a 83 330	Day's - chenge - 25 6 - 57 - 5 - 10 - 14	Stock Reine Indo Seecham Pentiand Indo Wollman Br. Aerospace	No. of changes 15 34 34 14 14	Mon. close 79 423 47544 483 483 152	Day's enange - 3 - 12 - 27 + 4% - 7 - 8
Morgen G'fell	15	461	- 14	GEC			-

RISES AND FALLS YES	TER	DAY	
th Funds pretions Dominions and Foreign Bonds strials cial and Propertys	Rises 58 10 171 70 14	Fella 12 23 565 192 24	5
stions			

											T	CALLS		1	PUTS	
Charles .		July	CALLS Oct.	lin.	واول	PUTS Oct.	Jes.		Option		Aug.	i Nov.	Feb	Apg.	Nov.	Feb.
Option Allied Lyons (*332)	300 330 360	32 8 2	6 022	55 X 20	1 8 35	7 10 38	B 22 40	P. & (~49)	Q.	460 500 550 600	40 13 3	52 32 12 5	423	18 62 112	13 55 65 122	58 67
B.P. (*565)	500 550 600	20	75 43 16	PRE	3 38	19 50	18 26 57	Rac: (*18	0	180 200	16 7	26 14	34 22	B 20	18	12 24
Cors. Gold (~439)	420 460 500	22	7711	Nas	37 70	25 54 77	33 60 87	R.T.	<u>Z</u>	550 650 700	34 15	57 35 29	5823	11 40 90 140	50 50 90 140	77 57 92 140
Courterids (*285)	260 290 300	2011	36 25	40 R.2.4	1 4 10 48	5 10 22	9 13 27 30	Vail R (*\$4		50 60 70	1 02	74 44 27 ₂	83.		165 165 230 ₂	16
Cons. Union (*333)	250 300 330	36 14	38 27 14	35	1 3 19	4 11 25	13	Tr. 11349	(0)	108 110 112	01. 01.	17 11 0 ₂	22		114 27 43,	34 45
Caple & Wire (+685)	600 650 700 750	90 40 7	120 77 35 20	90 60 38	1382	1920	13 32 55 80	11-111-74. (**E11	03/07 (7)	110 120 124	N115666	444511K	430	144.5	244 374 44 74	42 52 64
(*735)	600 650 700	140	150	=	1 2	18	=		Option	220	Sep	Dec	Ma	_	Dec	Mar
6.E.C. (*196)	700 200 220	16 3	18 16	36 24 14	1 7 26	5 14 10	- 17 32	Geech (*43)	E)	370 425 460	70 40 20 20 20 20 20 20 20 20 20 20 20 20 20	77 57 33 22	67 48 30 35	8 10	BAGS	80 35 35
Grand Met. (*383)	360 362 390	7	28	53	-	2	30	Bor (*23	ត្ត	220 240 250	24 12 5	22 23	29 19	3 11 24	128	19
I.C.I.	420 850 900	137	12 150 105	25 175	2	46	52	(*31)		307 330 333	18	39	E	14	18	30
(*984)	950 1000	87 37 10	72 45	134 106 70	2 3 25	25 47	18 37 57	8an (*76	5)	750 600 850	47 28 10	70	85 60 40	884	39	38 65 95
Last Sec. (*336)	390 330 360	37	27 11	57 36 18	1 25	10 26	15 30	Stee C	trete 1)	600 650 780	35	55 35 15	.23	14.88	K 5550	32
Maris & Spen. (*199)	180 200 220	20 3 62	28 16 7	25 14	4 23	12 25	7 14 26	De Be (*\$6.3	90) 90)	600 650 700 750	75 45 27	100 70 53	125	18	37 55 65 135	48
Shed Tracs. (*776)	700 750 800	起 第 7	102 63 102	118 85 50	1½ 5 25	17 45	14 27 52	Ding (*32	85. 20	750 300 330 360	30 14	40 42 24 10	50 34 22	125	135 10 22	13 30
Trailoigar House (*279)	250 300 330	12	18 9 3	20 16	8 24 54	18 28 54	22	GIO (*34		360 330 360	* ** 13	64	=	96 3 7	4	14
. Option		Aug.	Nov.	Mar	A =0	Nev	Mar			390	13	豆	35	19 42	22 45	25
Leprite (*250)	296 240 235 260	38 6	30	34	22 11	36	25	Char (*95		950 1000 2050 1100	70 45 30 15	A 583	130 110 90	40 70 110 155	50 90 125 140	65 100 130
Option	273	2 Ann	Flow.	Feb	26 Aug.	Mes.	Path.	#and (*17	7) CH	135 150 160 180	46 31 22 9	E	Ī	1	=	=
Brit Acro (*485)	460 500 550	10 18 5	60 35 20	70 30 30	.7 20 70	15 35 75	22 40 77			Z30	352	15	22 13	25	1 25 25	15 27
BAT t=5 (*995)	360 390	46 22 7	50 33 18	65 47 28	3110	20 38	13 30 45	(*53		900 550 600	60 28 15	70	83 95 35		28 42 72	27 47 77
8ardays (*522)	420 460 460 500	70 35	7 85 95	300 70	4 15	73 8 20	13	~~	ח	440 500 550	42 20 8 3	SHAR	35	25 50 102	105 125 125 125 125 125 125 125 125 125 12	492
Brit. Telecom	380 200	18 23 7	27	22 22 21	42	47 13 26	52 12 18 30	Tess (*37	3)	300 330 360	87 82 90 10	180 X		2 8 20	4 15 28	22
1°200) Zadbury Schweppe	220 s 160	20	30 17 7 25	30	11 25	8	30 10 17		=		-		-			35 35
. (°173)	200 200	5 2	25 11 4	16	20 28	34 29	27	FT-SE , index (*1594)	-		72	- †-	=†	5 10 8 20	+-	_ Cheat.
(1368)	330 350	5 22 27	73 47 27	E	13 17	10 22	Ξ	(*1594)	150 150 150 150 150 150 150 150 150 150	5520321A	53名では 15	72 55 55 55 55 55 55 55 55 55 55 55 55 55	77 55 52 50 50 50 50 50 50 50 50 50 50 50 50 50	5 20 20 35 57 66 83 85 85	27 33 53 70	50 67 80 95
Lathrolin (4352)	300 330 360	55 27 9	69 36 17	74 47 20.	1 5 17	3 9 24	13 28		協	1	-	25 3	20	83 8 197 -	**	25
LASMO (*88)	90 300	17.	및	3	16	14	34 21	347	15. Tota	d contra	cts 16,	967. C	1 pile	0,134. P	+ 62	13

PRICE INDICES	July 15	Day's change %	lady 14	nd adj. today	ref adj. 1986 to date	1 Low 5 years	10.12 10.28 10.18
2 Stilis Covernment 1 5 years	122.18 140.28 147.44 163.48	+0.11 +0.29 +0.02	122.17 140.53 147.14 163.36	0.40	6.45 7.30 7.57 7.27	4 MeGum 5 years. 9.56 9.56 5 Coupons 15 years. 9.59 9.61 6 7 High 5 years. 9.76 9.76 8 Coupons 15 years. 9.73 9.75 9.61 9.76 9.76 9.76 9.76 9.76 9.77 9.61 9.77 9.61 9.78 9.78 9.78 9.78 9.78 9.78 9.78 9.78	11.03 10.53 30.11 11.08 10.69 10.24 10.05
lodes-United 5 years	112.97 115.54	+0.22 +8.11	136.66 112.72 115.42 134.90	0.20	1.18 1.77 1.66	Infar's rate 5% 5 yrs 3.83 3.92 12 Infar's rate 5% 0 yrs 3.53 3.53 13 Infar's rate 10% 5 yrs 2.51 2.59 14 Infar's rate 10% 0 yer 5 yrs 3.35 3.36	0.0 0.0 0.0
9 Debesters & Loses		-0.18	120.04		5.82 3.75	15 Debs 6 5 years 10.25 9.93 16 Leans 15 years 10.38 10.35 17 25 years 10.44 10.42 18 Preference 1 10.57 10.55	11.73 11.55 11.36 12.29

#Openios Index 1585.8; 10 am 1592.5; 11 am 1595.4; Noon 1593.7; t pm 1592.5; 2 pm 1592.1; 3 pm 1593.6; 3.30 pm 1593.9; 4 pm 1593.9

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constitue is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

WORLD STOCK MARKETS

S.				W O:	KLD DIO
	AUSTRIA	GERMANY	NORWAY	AUSTRALIA (continued)	SAPAN (continued) Price. + or
	July 15 Price + or Son.	July 15 Price : + or Dry.	July 15 Kroner -	July 13 Aust 8	July 16 . Yan
	Credit nst tt pp 2,230	AEG: 296 -8	Bergens Benk 152 +1 Borregnard 372.5 Christiana Bank 164 +4	Gen. Prop. Trust 2.43 —0.62 Hardio Liames! 3.40 Hartogen Energy 1.76 Harald WyTimes 5.60	Mitted Bank 1.040 ! +10
	Jungbunziauer 17,600 —100	BASE	DenNorske Cred. 152.5 - 1	ICI AUSE,,, 2,42 —0.83	Mitaria Estata 9040 -80
	Steyr Calmier 515 - 10	Bayer-Versia 550 -20	Kysernar	Kim Ora Gold 0.16 -0.81 Kim Ora Gold 0.16 -0.81 Kidston Gold 6.90.92	HGH insulators 916 —I
	Valtscher Mag _ 10,89040	BHF Bank 508 -5 BMW 570 -6 Brown Boveri 334.5 -7 Commerchank 289.5 -2.6	Norsk tigtg	Lend Lease 7.85	Niepon Elect 1,370 -20
	BELGIUM/LUXEMBOURG	Contiguing A	storeorang 2703	Mayne Nickless; 2.95 Hat. Aust. Sank 5,14 News	Hippon Gakki 1.960 -30 Nippon Kogaku 999 +1
	July 15 Price + or	Dequate	SPAIN	Hicholas Khwi 2.70 Noranda (P. P/pd) 0,97 —0,91	Hippon Ol 1,260 +10
	8.5.L	D'ache Baboock, 179 +2. Deutsche Bank 749.5 -10 Oresdner Bank 295.5 -15.2	July 15 Pta 2	North Skn Hill 1,63 -0,65 Oakbridge, 0,75 -0,65 Pacific Dunlop 3,15 -0,15	Hippon Salko 550 Hippon Shimpan 1,390 +110 Hippon Steel 198 +1
	Barq Int.A.Lux. 14,500 +190	FROM MICHIGANIA MINI 275 - 44	Bco Bitbao 900 10 Boo Gentral 697 +2	Pancontinental 1,85 :0.10 Ploneer Cong 2,55	
	Ciment CBR. 3,555 -16 Cockerili 135 +2 Delhaize 3,150 EBES 4,545 -5	Henker 420 -1 Hocktiof 980 -15 Hoechst 256.5 -3 Hoesch works 157 -6.5	Boo Exterior 368 Boo Hispano 365 —3 Boo Popular 1060 —26	Queensiano Coal 1,67 -0,82	I Mischin Figur 850 · + 50
	Electropei 15,000 +575	I NO(21) 11 (1-) 010	Boo Santander 670 -2 - Boo Vizcaya 1,297	Repet	Onoda Cament 540 +15
	GBL 1870x1 3.17015	Horten, 181 Hussel, 550 -30 Karstadt 357 -12 Kaufhof, 452 -?	Orsgados	Thos. Matwide 3.20 0.03	Orient Finance 1,350 +50 Orient Lessing 4,470 +40 Pionees
	Gevaert 5,910,80	KHD 2808	Petroleos	Vernose 9.05	Ricoh 520 -2 Santivo 1.470 +10
	Intercom 3,570 -40 Kradietbank 15,200 -300	Klosokner		Westpag Bank 4,56 : -0,58 Woodside Petrol, 0,84	Sarrwa Bank 1,500 +30 Sarryo Elect 410 +1 Sapporo 1,810 +10
	Pan Hidge 11,250 Petrofina 8,760 +40	MAN 218 +5 Mannesmann 180,5 -5	SWEDEN .	Woolworths 9,760,01 Wormsid Intl 3,95 : +0,68	Sekisul House 1,390 -10
	Royale Belga 25,730 +50 Soc. Gen. Belge. 2,850 —25 Sofina	Mercedas Hid	July 15 Kronor —	HONG KONG	8himizu Conetn 576 8himizu Conetn 576
		Porscha 275 10	AGA 305 +9 Alfa-Lavai B 5505 ASAE IFree1 3752		Shiseldo 1,950 —20 Showa Conko 588 —8
:	Stanwick Intl 380 —70 Tractinel 6,450 —220 UCB 7,870 —80 Wagons Uts 5,390 . —20	Rhein West Elect 105.5 -9.5 Rosenthal 333 -15	Atlas Copeo 216 -4	July 18 Price + or	Showa Conko 582 -8 Sony
:	DENMARK	Schering	Cardo (Free) 505	Bank East Asia 17.8 +0.1 Cathay Paolific 5,35 Cheung Kong 20,6 +0,4	Stomo Chem. 420 -10 Stomo Corp. 920 +6 Stomo Elect 1,950 +10 Stomo Matal 174 -1
i	July 16 Price + or	Verta	Encete	Ohina Light 15,2 +0,3 Evergo 0.53	Taisei Corp 563 —7 Taiseo Marine 895 +81
	Andelshanken 329	Verein-West 465	Saab Scanla Free: 776	Henderson Land 2.30 + 0.18	TOH
	Baltica Skand 620 5 Cop Hondels'nk . 267		SKP 548 -2	HH Electric	Total Sant 270 - 414
	0. Sukkerfab 340 Danska Bank 297 De Dansko Luft, 1,400	ITALY	StoraKopparbrg, 312 —1 3wedish Match 382	HK Shanghai Bk. ' 8.70 +0.55 HH Telephone 11.8	Tokyo Gas 1,450 Tokyo Elect Pwr. 4,430 —10 Tokyo Gas 838 —8
	East Atlatic	July 16 Lina — Banco Com'le 23,960	Volvo 5 (Free: 3024	Hutchison Wpa 28,9 +0,8	Tokyu Corp 1,060 Toppen Print 1,850 -10
	ONT Hid 415	Bestog-IRB5 500 +8 Centralo 3,505	SWITZERLAND	SHH Prope 12.2 +0.1 Shell Elect 0.70 -0.02	Toray
	Jyske Sank 525 +5 Hovo Inda*, 257	Figt 12.190 -470	July 15 Frs	TV-5	Toyota Motor1,370 , -30 USE Inda307 +1 Victor2,500 -80
	Provinsbankon 333 —2	General Assicur 191,666 -2,460 Italcomenti	4 705 - 00	World Int. Hidgs. 2,52 +0,92	Yamaichi Sec 1,290 +30
	Sophus Berend 813 —5 Superfos 287 ! +1	La Rinascente 1,901 + 2 Montedison 3,940 - 70 Olivetti 18,400 Piralii Co 7,380 - 50 Piralii Spa 4,905 - 104	Adda Intl	IAPAN	Y'manouchiPhm \$,070 +30 Yamazaki, 1,480 -10 Yasuda Fire 784 +12
	FRANCE	Pirelli Spa 4 905 — 104 Salpem 5 170 Shia BPD 4 985 — 105	Credit Sulete 3.750 + 10	Joly 15 Price + or	SINGAPORE
	July 15 Price 4 or	Toro Assio 28,496 +296	Fischer Geo 1,855 49 Hot/-Roche Picts 104.256 500	All Hippon Air 1,940 +50 All Hippon Air 1,040 -10 Aips Electric 1,640 -40	July 13 Price + or
	Emprunt 44% 1978 1,562 -6. Emprunt 7% 1978 7,770	NETHERLANDS	Hoff-Roche 1/10 10,850176 Jacobs Suchard	Asshi Chem 860	Boustand Hidgs 1.04 -0.01
•	Accor	July 15 Price + or	Landia & Oyr 1,810	Bank Tokyo 765 , -1 5ridgestone 709 -1 Brother Inda 742 +15	Cold Storage 3.12 , +0.02
	2KC	ACF Holding 341 -4	Oor-Suehrie 1,810 -35 Pirel H	Casio Comp 1.410	Haw Par. Bros 2.86 -0.07 Hong Leong Fin 2.33
	C(A COLUMN	AEGON	Schindfer (Pt Cts) 625	Dalel 1,750 +150 Dalelahi Kan. Bk. 1,640	LYANGE COM 1 59 C 75
	Carrefour	ABN	Surveillance A 7,57575 Swieszir	Dai Hippon Ink 480 +7 Dai Nippon Ptg _ 1,280 Coiwa House 1,490 —30	Malay Utd. Ind! 1.480.92 Multi Purpose 0.440.55
	Cofimes	AMRO	Swiss Bank	Daiwa Sec1,680 +20	OU2
	Darty	Buehrmann Tet. 213 +1.6 Calland Higs 18 -1 Dordtsche Pet'm 176.9 -1.8	Winterthur 1,070	Full Bank 1,600	Sime Darby
	Estion	Elsevier HDU \$12.73.4 Fokker 23.3 -1.2	Zurioh ine 7,380 -60	Fujisawa 1,190 20	Straits Trd2 2.8 -0.87
	metal 87.9 -3.1	Olst Brocades 66.3 -0.6 Haineken 173 -2	AUSTRALIA	Green Green 2,230	SOUTH AFRICA
	Lefargo Coppea, 1,385 L'Oreal 5,605 -75 Legrand 4,150 -50	Hoogevers	July 15 Aust 5. —	Hitschi Credit 2,250 +140	July 13 Rand -
	Maisons Phoenix 213 i —5 Matra S.A 2,428 i	KLM 46 -0.3 HHP -3.5 Naarden 50.6 -0.5	ACI Intt	Indi. Bk. Japan, 1,580 +20	Abercom 2,5
	Mid: (C(e) 6,900 (-60)	Hed Mid Bank 215 -1.5	ANZ Oroup	Isuzu Motor 598 +14	Angio Am. Coal. 37.35; +0.25
	Pernod Ricard 186 —10	Hediloyd	Ashton	Jusco	Anglo Am. Gold 249.3 +0,6
	Petroles Fra 350 -9	Pakhoed	Sell Group 5.00 +0.1	Kawayaki Steel., 205 -4	Buffels
	Printemps (Au.) 560 -17	Robeco	Bond Corp Hidgs 5.10 -0.92 Borst	Koba Steef 191 _2	Currie Finance 5,96 -1.0 De Seers
		Recento 50.3 -0.2 [5ridge Oll	Kubota	Gold Fields S.A. 42.50.25
1	Skis Rossignol 1,500 -6	VNU 335,6 -46	CRA	Marubeni 376	Mighweld Steel 7,1 +0,1 Malcor
	10000000 100Fi 1,010	West Utr Bank 50	CSR 2.950,66	Marul	OK Bazzara
	NOTE DE	in his annual as the street in	Comalco "A" 2.29	MEI 1,360 —90 M'bishi Bank 1,450	Sage Hidgs 11,25
	NOTES—Prices on this page exchanges and are less traded ad Ex dividend, ac Ex scrip issue	ere as quoted on the individual prices: s Dealings suspended xr Ex fights, xa Ex ell. * Price	Consolidated Pet 0.18 :	M'bishi Chem 811 : -23 M'bishi Corp 860 -15 M'bishi Elect 367 -1	Smith (CG) 28.5 + 0.5 Tongust Huists., 7.6
	in Kroner.		Energ Res L45	M'bishi Estata 2,270 :30	111111111111111111111111111111111111111
	OVER-THE-	COUNTER	Nasdaq national market	t. 2.30pm prices	
	C V DAC- A ALLO	- COUNTER			
1	Stock Sales High Low Last (Hods)	Cherg Stock Sales High		Sales High Law Luct Chry Smick Disuls)	Suines High Low Lant Chry (Hods)
	Continued from Page 4		71. 71 1. 34000 .000		tur .40 182 2014 1859 1979 - 14 175 1.32 171 6379 6314 6379 - 14

Stock	Sales High Low Last Chog	Stock Sales High Lees Last Clong	Stock Sales High Low Last Clong Disnish	Sauck Sales High Low Last Cheng Oleufal
	(Hads)	(Hads)		
Continue		SAYING 16 8 74 734 - 12	StateG .056 470 Big Big 55 - 3	US Sur .40 182 204 195 197 - 14 US Trs 1.32 171 635 631 635 - 4
Pentair .66 PeopEr 15r 1	85 2814 2819 2814 - 18 11258 618 514 514 - 34	SCI Sy 243 153 141 141 -11	Stanfor 47 14 134 14 + 14	UStato 24 1084 1714 1814 1814
Petrite 1 12	175 2414 2334 24 14	SEI 54 1812 18 1612 14 SEE 46 84 83 63 1	Stude 72 163 341- 234 244 + 1	INI-Da 00 004 975 719 72 -11.
	167 1434 1414 1414 . 1534 2074 2034 2078 ·	SHLSV 1191 173 163 163 - 3	Stratus . 579 191, 1674 19 - 4	Unvern 600 354 54 5414 - 114
PhrixAm PicSavs	10 33 34 34 - 14 2306 263 251 255 - 14	Saleco 1.75 539 5514 5412 5412 - 34	Street 846 82 52 514 814 - 14 Street 37 37 -14	UFSBk 22m 208 151, 140, 141, - 1
PicCala - 48	258 23 2174 2214 - 4	Saff-lits 54 654 814 813 - 14 Salude 584 30 28 26 -2	Subarus 3766 3014 2917 30	Uscal _25 77 74 74 74 74
Pronti 104 : Pronti .12	5 814 814 814	StPauls 1.50 1536 431g 4114 4112 -112	Summe 616 34 3 33-16+3-11 Sumotil .12 155 54 84 84 - 4	V V
PoFolk	96 75 71 71 71 12 14 1742 18 15 1514 -1	BaynFs 88s 365 304 29 29 - 4	SunCat 14784 3-18 1 11-16 334 - 34	VLI 245 6 5% 5% - 3 VLSI 676 0 812 812 - 14
Pores	576 32% 32% 32% - W	ScanOp 662 10 9 8½ - ¾ ScanTrs 79 194 181 181 - 11	Suprtex 45 34 34 34 - 4	VMX 93 30 31 31 35 + 1
Powell Powrte	163 2'8 2 2'4 + '8 181 13'4 13 18 - 12	Scherer 32 ,403 15% 15% 15% - %	Syncor 393 734 7 7 - 34	VSE 20 1 143, 143, 143, 143, 143, 143, 143, 14
PwConv PrcCst .12	21 1434 1458 1458 100 2634 2614 2614 - 12	Senting 38 5% 5% 5% - 12	Symtech 75 13% 12% 12%	Variet 1.32 738 44 43/1 44 + 1
ProdLg	168 11 103, 11	SciSt 154 47 45 47 + 1 Scient 161 8 50 50 - 1		Variant 40 5 251 201 201 201 201 201 201 201 201 201 20
Priam	569 374 3 3 - 14 1 4270 4034 3714 4014 - 34	SeaGal 156 30 31 31 31 - 1	System 88 72 79 74 - 3	Ventrex 310 514 474 512 - 14
PricoCs PrimeMd	442 478 434 478	Secrete 8659 1114 1034 1034 - 14 SecTag 34 134 115 115 - 16	Sysinty 206 1s 1334 1394 - 14	ViedeFt .22e 53 64 5/4 5/4 - 4
Priotica ProdOp 15	103 18 124 124 - 18 29 4 37 37 37 4	SEEQ 180 1.5-18 1 3-16 1 5-16 + 1-1	System .08 430 26 25 25 -1	Viking 127 17 17 174 - 14 Viralek 345 779 881, 78 +59
ProgCs 06	739 3012 2934 30 - 12	Semich 12 81 8 8 - 5	TT	Vodevi 176 674 674 674 - 34
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RAX .01e	72 778 772 778 + 14 342 22 21 21 - 34	Shoneya .10 466 343, 341, 341, 1 1, ShonSo 54 153, 153, 163, 1 1,	Telates 553 1012 978 878 78 78 Telatone 884 23 2214 2214 15 TermDt 325 25g 25g 23g 23g 14	Webb 40 175 1314 1217 1314 + 4
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Indices

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Y.S.E.		130,51	159,68	138,65	138,72	145, 15 (2/7)	117,75 122/11	146,15 2/1/65	
MEK MKT	269.05	273.88	278.13	\$73,71	270,7			285,19 25-8:86	
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USTRIA redlibk Aktlen(80/11/14	289,10	220.B1	259.44	240.02	268,84 (23/4)	228.58 i8:31
ELGIAN russola SE (1/1;80)	6997,65	\$722,49	8727,75	5703.41	5746,83 17:7)	2786,01 - 15/1
ENMARK openhagan 6E (\$/1/88)	204,49	203, 15	210,01	212,70	250,70 (18:4:	204,49 : 15:7
RAHCE AC General (\$1,12:82) od Tondance (\$1/12:82)	594,8 140,1	101	574, 10 145, 5		411.5 (15:5) 154,5 (12:5)	167.5 (1:1) 101,8 (2:1)
ERMANY AZ Aktien (51/12/68) ommerzbank (1) 12:55)	811,29 1845,5	822.50 1875,3	.625,05 1864,60	617,47 1859,8	753.88 17:41 2278.8 : 17:4;	500.98 (7:7) 1814,7 (7:7)
ONG KONO eng Seng Benick1/7/84)	1784.15	1788,88	1721,69	1719,80	1865,85 (7%)	1659,94 18/5
ALY ance Comm Hat. (1972)	656,60	667,87	809,86	705,84	988.29 (28:51	454.67 24 1
APAN** ikkal (15:5/48) okyo SE Now (4/1/68)	17862 B · 1599.66	17820.6 1585,85	17670,71 1875,15	17468,8 1558,85		12891,6 (21·1 1026,85 (21·1
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PAIH adrid BE (50:12:85)	171.00	173,22	174,03	174,12	194.77 12:51	100.88 (5-1)
WEDEN	2485.03	2500,58	2438,01	2479,91	2510,56 (7/7)	1729.57 (29)1;
WITZERLAND wiss BankOpn(\$1;12/58)	648.8	M7.6	547,8	645.5	525,8 1B/11	540,8 (15 ₁ 7
ORLD .B. Capital Intl. (1) 1:70)	;	B21,8	¥25.0	B24,8	851,4 (4:7)	249,8 (23,1)

value of all Indices era 100 except Srussels 66—1,000, JSE Gold— E Industrial—264.3, and Australia. All Ordinary and Matsia—500, Common—50; Standard and Poors—10; and Toronto Composite and 000. Toronto Indices based 1975 and Montreel Portlotio 4/1/83. g bonds. 1 400 Industrials plus 40 Utilities. 40 Financials and 20 h, o Closed, u Unavailable.

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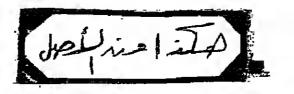
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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Bad news as shake-out continues

THE SHAKE-OUT continued on Wall Street yesterday, despite early attempts to rally, writes Paul Hannon in New

York. There was plenty of had news to justify the reversal of sentiment. Poor industrial production figures for June suggested that the economy was as shaky as some pessimists had suggested, while the closure by federal regulators late on Monday of First Oklahoma Bankcorp, the second largest commercial bank faillure in US history, weighed heavily on some memories. The bond market turned mixed after early gains of up to ¼

At 2pm the Dow Jones industrial average was 22.50 down at 1,770.95.

IBM continued to give concern after its early trading imhalance, a rare event for one of the market's most liquid stocks. Big Blue turned \$2½ lower to \$136% in very high volume as investors pondered the computer group's recent poor profits statement.

The banking sector was active again in response to results. Wells Fargo, announcing higher second-quarter figures,

FT-Actuaries

STOCK MARKET INDICES

1.770.95*

724.13*

234.18*

790.83

866.26

9.57

1,122.2 1,137.1

239.10 239.61

493.2

1.965.91

1,793.45 1,335.46

689.26

168.65

192.72

928.7

597.11

649.00

10.25

903.3

508.3

96.04

81.2

473.86

216.7

183.3

329.46

1,035.9

81.41

458.8

220 0

339.15p

\$287.00

\$8.55

£1.873.50

\$345.50

\$345.70

\$348.20

\$346 40

\$349.40* \$346.40

740.00

204.16

238.11

1,593.0 1,597.3 1,243.6

794.28

870.33

9.61

17,882.80 17,820.56 12,598.8

1,390 58 1,385.90 1,029.60

503.4

3,697.65 3,722.46 2,329.30

1,488.13 1,506.61 135.64

204.48 208.13 210.77

622.90

1,845.50 1.875.80 1,388.0

1,764.13 1,739.93 1,640.49

656.80 667.81 347.27

792 64 739.40 717.95

1,270.1 1,181.8

2,485.93 2,500 59 1,318.04

547.5

325 0

336.55p

£884.50

\$9 55

July 15 \$346.75

\$346.20

\$347.49

\$345.95

21,909.00

140.10 . closed

511.29

290.30

290.60 293.3

360.69 355.41

171.69 173.22

540.80

321.6

COMMODITIES

GOLD (par ounce)

2.999.3 2.756.4

NEW YORK

D.I Industrials

DJ Transport

58 P Composite

DJ Utilities

LONDON

FT-SE 100

FT-A 500

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

BELÇIUM

CANADA

Metals & Mins

Credit Aktier

Belgian 5E

Montrea Portfolio

DENMARK

FRANCE Ind. Tendenc

WEST GERMANY

Commerzbank

FAZ-Aktien

HONG KONG

Hang Seng

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NETHERLANDS

ANP-CBS Gen

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ITALY

NORWAY

Oslo SE

SINGAPORE

Straits Times

SOUTH AFRICA

JSE Golds JSE Industrials

Madnd SE

SWITZERLAND

Swiss Bank Ind

MS Capital Int'l

Silver (spot fixing)

Cottee (September)

Copper (cash)

Oil (Brent blend)

SPAIN

SWEDEN

WORLD

(Landon)

London

Zünch

Paris (fixing)

New York (Aug)

Metals & Minis

TOKYO

FT-A All-share

FT Gold mines

FT-A Long gist

LEY MARKET MONITORS 1.6"

firmed \$¼ to \$104%, while Security Pacific shed an early \$\% rise to trade un-changed at \$35 after its improved re-

Chase Manhattan rose \$\% to \$41 after Monday'a 11.4 per cent gain in earnings, while J. P. Morgan, which has shown the best figures so far for this sector, eased

5% to \$84% in thin trading.

High technology stocks, apart from fBM, attracted more attention, with Honeywell down \$1% at \$72 and NCR off \$1% to \$50% in response to results, while Sperry firmed an early \$% to \$75% on reports that the group was near a mass production agreement with Hitachi.

Rohm & Haas, the plastics and chemical products group, retreated \$\% to \$29 in reaction to soft second-quarter figures while specialist glassmaker Owens-Corning dipped \$% to \$49% on improved

Among fast food stocks, Church's Fried Chicken lost \$\% to \$15\% on lower second-quarter earnings, while McDo-nald's, the leading hamburger group, gave up an early \$\% gain to trade \$\% lower at \$68\%. Wendy's, the third largest of the hamburger chains, held steady at

Publishers were in the spotlight again, with Time Inc and McGraw-Hill both releasing stronger second-quarter results. Market reaction was cool, how-ever, with the former falling \$% to \$79%

and the latter \$% to \$55.

GAF, the building materials and chemicals group, opened steady but lost \$% in later trading to \$34% on results. Among the leading Detroit carmakers, Ford rose \$\% to \$53\% while Chrysler

Jun 1986 Jul

1,4955 12,1785 3,2400 160,25 238.5 .7,0100 .10,4575

1.3745 1.3765 2.0525 2.0418

3.6575

10%

5% 4%

6.25° 5.775°

Price

7.01

6.69

7.17

7.90

Prev

92%

106%

98.85

103%

Price Yield

66.7

US DOLLAR

2.1660

159.45

6.9925

2.4450

44.60

(3-month offered rate)

FFr FT London Interbe

6-month US\$
US Fed Funds

US 3-month CDs US 3-month T-bills

1988

1993

7% 2018

1-30

AT & T

3% July 1990

10% Jan 1993

8% March 1996

8% March 2016

General Motors

9% March 2016 98.35

US Tressury Bonds (CBT)

ury Bills (IMM)

tes of Deposit (MIN)

n/a

Source, Salamon Brothers

8% April 2016

CHICAGO

Sept Certific

LONDON

Sept

Sept

Sept

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

Three-month Eurodoller

SCBT South Centra

offered rate)

Treasury

Previous

2,4570

44.90

INTEREST RATES

July IS Price Y

Source: Harris Trust Savings Bank

154.34

148.47

137.43

146.59

Source: Merrill Lynch

Yield

1007/32 7.094 997/52

101132 7.17 100152

1011% 7.139 101

Day's change

+0.71

+0.47

+0.20

+0.47

8.20

8.10

100-08 100-29 99-31 100-14

94.52 . 94.57 . 94.50 . 94.53

93.62 93.66 93.61 93.56

119-25 120-15 119-15 119-15

n/a

n/a 93.95

July 15

Price

92%

107.00

104.62

92.90

FINANCIAL FUTURES

10071/2 7.548 10011/2 8.723

1800

1750

1,4815 3,2275 237.50

3.6400

10% 5%

8'% 6.475 5.93

7.272

-0.07

-0.06

-0.04

-0.06

8.09

9.57

8.20

8.30

\$4¼ was \$¼ firmer. PepsiCo, which on Monday revealed

added \$% to \$34%. American Motors at

plans to buy the international operations of Seven-Up from Philip Morris, shed \$\% to \$30\% and the tobacco group slipped \$\% to \$72\%. Coca-Cola picked up \$% to \$40%, partly in response to its ap-pointment of a chief executive to its new bottling operation.

Also responding to results was GTE, the telecommunications group, which firmed \$% to \$55 on higher six-month earnings of \$591m.

Among the leading stores, Safeway -subject to an unwelcome bid approach by Dart Group - fell sbarply again with its \$2% drop to \$52 in heavy trading.

Associated Dry Goods, which indicated that it would accept a higher stock-swap offer from May Department Stores, declined \$2% to \$62, while May was \$1% cheaper at \$76%. Sears, the largest US retailer, moved against the trend with a \$1/2 rise to \$43%.

Further falls in crude oil prices unsettled a bost of oil issues, with losses of \$\% each for Exxon at \$57\% and Atlantic Richfield at \$47\%. Chevron dipped \$\% to \$34\% in part due to recent adverse brokerage comment.

A reduced second-quarter loss for Kaiser Aluminum resulted in a \$1/4 fall to \$18% for the aluminium producer. .

Forest products group Boise Cascade was unchanged at \$56% on its steady profits figures.

The latest economic data produced a brief mild rally in the bond market, which posted strong gains in late trading on Monday.

Lower industrial production figures lay at the beart of the advance by bolstering the prospects of a further easing of Interest rates if the Government expects the economy to speed up.

The Treasury's key long bond, the 7% per cent due in 2016, gained an early % but later slipped to trade 102 lower at 101 52 to yield 7.15 per cent.

The other key issue, the 7% per cent 1996, held some of its early rise to trade 1996 ahead at 101 1/22 to yield 7.18 per cent. Federal funds opened at 6% but slipped to 6% at which level the Federal Reserve announced a \$1,5bn customer repurchase.

Rates on Treasury bills opened lower but gained later in the session with the three-month issue I basis point higher at 5.79 per cent and the six-month Issue 1 basis point up at 5.81 per cent. The 12-month bill, at 5.84 per cent, was two ba-sis points higher at 5.84 per cent.

Municipal bonds were steady to 1/4 higher in quiet trading.

LONDON

Property by Measure of confidence returns

A MEASURE of composure returned to London yesterday after the setback caused the previous day by sterling's persistent weakness. The FT Ordinary share index closed 7.3 lower at 1,302.6 and the more broadly-based FT-SE 100 closed 4.3 lower at 1,593.0.

Sterling's steadier trend gradually restored confidence, although initial dealings were soured by the overnight fall on Wall Street.

A put-through of some 46m Hanson Trust shares at around 175p was also an early restraining factor but once this had been successfully completed a recovery movement got underway.

However, there was no real force behind the rally, which began to look fragile awaiting the opening of Wall Street. fn the event, transatiantic markets failed to give a positive lead at the opening and the final tone in domestic equities was uncertain.

Gilts, buoyed by sterling's rally and the overnight improvement in US bonds, also put on a better performance. Chief price changes, Page 41; Details, Page 40; Share information service, Page

AUSTRALIA

NEGATIVE SIGNALS from overseas caused sentiment to turn bearish in Sydney where industrials led a retreat as shares ended on a sharply weaker note. The All Ordinaries index closed 14.9 lower at 1.122.2.

BHP finished 8 cents lower at A\$8.00 after touching a low of A\$7.86. Brokers said its price recovered on lessening speculation that the company is about to launch a takeover bid for Elders 1XL, which lost 16 cents to A\$4.90.

Concern among investors about the direction of the economy put pressure on industrials, with finance, developers and media issues the main targets.

Insurance stocks were also easier on balance. FAI dropped 20 cents to A\$7.40, while NZI advanced five to A\$1.55.

SOUTH AFRICA

A STEADIER commercial rand and a rebound in the financial rand caused gold chares to close mixed to easier in Johannesburg after opening firmer.

Buffels lost R2 to R75 while Kloof fell 40 cents to R23.25. However, Ofsil ended R1.25 higher at R82.25. Driefontein dropped 25 cents to R55.

Mining financials were also mixed while in diamonds, De Beers was 25 cents higher at R31, after opening at R31.25. Anglo American also added 25 cents at R49.25, while Gold Fields SA was R1.40 cheaper at R41.35.

EUROPE

Domestic and foreign moves spark declines

THE DECLINING DOLLAR and heavy losses in Wall Street combined with domestic factors across Europe to send most bourses lower.

Frankfurt dropped sharply, unnerved by the dollar's fall to a five-year low against the D-Mark. Export-oriented stocks came under pressure once again and banks were lower, adversely affected by last week's cut in the US discount

The Commerzbank index shed 30.3 to 1.845.5.

The plan by Puma, the sports good manufacturer, to float 280,000 chares at DM 310 has been well received by the market and dealers say there should be

no problem in placing the sbares.

Among cars and banks, VW fell DM 21.30 to DM 465.50, Daimler DM 29 to DM 1,306 and BMW DM 6 to DM 570, while Deutsche lost DM 10 to DM 749.50, Dresdner DM 13.20 to DM 395.50 and Commerzbank DM 9.50 to DM 289.50.

Chemicals sufered from the dollar's fall. BASF gave up DM 8.90 to DM 252, Bayer DM 7.80 to DM 278.50 and Hoechst DM 3 to DM 256.50.

Domestic investors were active in the bond market pushing prices higher. Longer-dated issues rose by about 10 ba-

The Bundesbank sold DM 67.5m worth of paper after buying DM 7.1m on Monday.

The new 5% per cent 1996 government bond was unchanged at less 1% and 1%. while the previous 5% per cent 1996 issue added 15 basis points to 99.40 and the 6 per cent tranche was steady at

Paris was weighed down by political tension following President Mitterrand's refusal to sign a privatisation decree. The bourse suffered a fall of more than 4 per cent in early trading but re-covered later to end down 2.17 per cent

at the close. Schneider dropped FFr 46 or 8 per cent to FFr 890, Accor ended down FFr 21 or 5.8 per cent at FFr 419 and Avions Dassault gave up FFr 45 to FFr 1,295.

Among food and drink issues, BSN dropped FFr 90 to FFr 3,760, Moet Hennessy FFr 40 to FFr 3,070 and Pernod-Ricard FFr 278 to FFr 1,182.

Amsterdam trading was featureless and the ANP-CBS general index fell 4 to

Among lower internationals, Unilever lost Fl 3.50 to Fl 495.50, Akzo Fl 2 to Fl 183.30, Hoogovens Fl 1.60 to Fl 109.40 and Royal Dutch Fl 1.10 to Fl 188.90. Publisher VNU fell to profit-taking after recent demand from the UK and ended at FI 335.50, down FI 4.50.

Bonds were mostly steady in very quiet trade. Milan was kept lower by the end of month squaring exercise and continued

political uncertainty. Montedison group companies all faded and Montedison dropped L137 to L3,155, while among other industrials Fiat gave up L364 to L12,135 and Saipem was steady at L5,170.

Zurich was not assisted by higher local short-term interest rates and industrials were hit by the weaker dollar. Swissair bearer shed SFr 50 to SFr

1,430, while in lower financials Baer Holding bearer fell a hefty SFr 750 to

Bonds lost ground weakened by the announcement of several new issues with low coupons. The firmer trend of sbort-term interest rates had not filtered down into the market.

Brussels reacted less sharply to Wall Street's overnight performance, but trading was nonetheless depressed.

The day's most active stock, Petrofina, bucked the trend, however, rising BFr 40 to BFr 8.760.

Interest-rate sensitive utilities were lower on uncertainty over the direction

Stockholm ended marginally lower as investors remained on the sidelines. Madrid also declined with falls outnumbering gains 62 to 38.

HONG KONG

SPECULATIVE BUYING on Hongkong Land's announcement that it may spin off its Dairy Farm operations sent prices sharply higher in Hong Kong and the Hang Seng index ended up 24.20 at 1,764.13.

Hongkong Land advanced 15 cents to HK\$6.05, while its main shareholder, Jardine Matheson Holdings gained 20 cents to HK\$13.50.

SINGAPORE

INCREASED SELLING in the afternoon led shares generally lower in a quieter Singapore.

Brokers sald that uncertainties over the near-term direction of the market in the absence of fresh factors kept most investors on the sidelines although some nervous holders did engage in profit-taking later in the session.

DBS led the actives, boosted by a large block deal, and closed 5 cents lower at SS7.05. Promet lost 1.5 cents to S\$52.50.

CANADA

OILS, fNDUSTRIALS and metals and mines took Toronto lower, stretching session losses in moderate activity. Industrials slumped as activities including Canada Development Corp fell CS% to trade at CS7, Northern Telcom CS1 to

C\$37% and Cineplex C\$% to C\$18%. Resisting the trend Bank of Nova Scotia advanced C5% to C\$1% to C\$16. Montreal followed Toronto lower.

TOKYO

Low-priced issues lead to record

THE NIKKE1 average rose 62.24 to a record 17,882.80 in Tokyo yesterday and the stock exchange announced streng-thened margin trading regulations to curh price rises after the close, writes

Shigeo Nishwaki of Jiji Press.
Volume totalled 1,165bn shares, compared with the previous session's 1.164bn, topping 1bn for the fifth consecutive session. But losers led gainers 466 to 392, with 128 issues unchanged.

Mirroring falls in world markets in-cluding New York, London and Frankfurt, small-lot selling mounted early in the session, pushing the Nikkei average down 56.37. But when selling had run its course, investors stepped up buying of low-priced large-capital stocks and the indicator rallied to register a 99.95 in-

Institutional investors bought steels and shipbuildings in large lots of 10m shares. Ninpon Steel remained the hus-iest with 157.78m shares changing hands and closed Y1 higher at Y198 after reach-

ing Y201. Kawasaki Steel opened higher, but finished Y4 lower at Y205 on the second largest trading of 143,36m sbares, Ishi-

kawajima-Harima Heavy Industries dropped Y5 to Y351. Profit-taking selling of some lowpriced large-capital issues increased. Market analysts noted that the leaders, Ishikawajima-Harima and Nippon Kokan, had advanced 80 per cent and 70

per cent respectively in the past two months. Keisei Electric Railway, a speculator favourite among railway stocks, gained Y16 to Y596, while Tobu Railway rose Y15 to Y685, their placings seventh and eighth on the active list. Nisbi-Nippon Railroad jumped Y37 to Y482.

The yen's climb against the dollar encouraged investors to seek resources is-sues. Mitsui Mining and Smelting rose Y27 to Y415 and Sumitomo Metal Mining advanced Y70 to Y1.740.

Among high-priced issues, Toho rose Y1,050 to Y23,200 on buying aimed at reaping capital gains, while Computer Services climbed Y260 to Y9,470 and Secom Y190 to Y9,260.

Bond prices gained, reflecting Monday's firm bond prices in the US and the Japanese currency's advance past Y160 to the dollar. The yield on the barometer 8.2 per cent government bond due in July 1995 yielded 4.745 per cent against 4.780 on Monday. That on the 6.5 per cent government bond due in December 1995 also declioed from 5.080 to 5.050 per

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(a corporation constituted under the State Bank Act 1958 of the State of Victoria, Australia)

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The following has agreed to subscribe the above Notes:

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Bank Brussel Lambert N.V. Credit Suisse First Boston Limited Fuji International Finance Limited Kyowa Bank Nederland N.V. Manufacturers Hanover Limited

Mitsui Trust International Limited Morgan Guaranty Ltd Nippon Credit International (Hong Kong) Limited PK Christiania Bank (UK) Limited Société Générale

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Yamaichi International (Europe) Limited

Application has been made for the Notes, in the denominations of U.S. \$10,000 and U.S. \$250,000 each, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Note. The issue price of the Notes is 100 per cent, of their aggregate principal amount. Interest will be payable semi-annually in arrear in January and July, the first payment being made in January 1987,

Listing Particulars are available in the statistical services of Extel Statistical Services Limited. Copies of the Listing Particulars may be obtained in the form of an Extel Card during usual business hours on any weekday (Saturdays and public holidays excepted from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London EC2P 2BT, up to and including 18th July, 1986 or during usual business hours on any weekday (public holidays excepted) at the addresses shown below up to and including 30th July, 1986; ... Kredietbank N.V.,

State Bank of Victoria, 30 Old Jewry, London EC2R SEY.

Level 7, 40 Basinghall Street London EC2V 5DE

Cazenove & Co., 12 Tokenhouse Yard. London EC2R 7AN

16th July, 1986

